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Economic and Investment Issues

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Sub-Saharan Africa
SUPPLEMENT
Economic and Investment Issues

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Angola: Currency Devalued 34 Percent in April

MB0705205796 Luanda TPA Television Network in Portuguese 1930 GMT 7 May 96

[FBIS Translated Excerpt] The readjusted kwanza was devalued by 34 percent in Luanda last month. Today a $100-note was exchanged at 14 million readjusted kwanzas. Over the past 12 months the readjusted kwanzas was devalued by about 5,000 percent. [passage omitted]

Botswana

Botswana: Thirty Foreign Investors Interested in Setting Up Plants

MB0805200496 Gaborone MMEGI in English 12-18 Apr 96 p 9

[Report by Sam Kamphodza]

[FBIS Transcribed Text] Botswana's unemployment problem is expected to ease when more than 30 foreign companies who have made enquiries set up their manufacturing plants here.

According to Dihelang Tsheko, director of Trade and Investment Promotion (TIPA) in the Ministry of Commerce and Industry, some of the companies already here are in the process of starting up their businesses, and the bulk of the inquiries are from textile manufacturers.

"Since 1995, more than 29 foreign companies have visited Botswana and these comprise mainly textile and pharmaceutical manufacturers, jewellers and diamond cutting, as well as motor assembly. Some of the companies are from the United States," Tsheko said.

Although many of the investors have not committed themselves, TIPA has projected that the companies will bring in substantial investment to Botswana and provide employment for 12,192 people — if all set up the plants.

At least two textile companies from South Africa are expected to start their operations in Botswana in May, and two American companies producing pharmaceutical products and plastic bottles are expected to start in June.

A number of investors come with their own projects, but others are suggested by TIPA given available investment opportunities such as in the manufacturing sector for both export and local market.

"We also tell them about our cattle industry and some have expressed interest to leather works. Since BMC [Botswana Meat Commission] already has a market for its leather, a company can be allowed to import leather products elsewhere," he said.

The interest to invest in Botswana is a result of TIPA's concerted efforts to woo investors from across the border and overseas, particularly from the Far East, North America and South Africa. This has been helped by aggressive marketing of the country as an investor's destination by commercial attaches abroad.

"The trend now is that more investors are coming to Botswana, some of them relocating from neighbouring countries, to investigate opportunities. This is being helped by our very attractive investment portfolio", said Tsheko.

Under a restructured plan, TIPA will now become a truelly a one stop agency which will coordinate services offered by other institutions. A study carried out last year recommended that the agency should undertake several measures to reduce delays in providing information to investors.

Tsheko said TIPA has decided to follow a Mauritius model. Under this model, the agency will liaise with various senior officials in the ministries and corporations which provide services such as telecommunications and a high-powered consultative body is to be formed to look into these matters.

"Investors want quick decisions and not delays since this cost them money. We have realized that TIPA cannot work in isolation and so we have begun involving other institutions which provide services needed by investors," said Tsheko.

"If the problem requires to be dealt with at a higher level, the appropriate ministries and organisation will meet to take a fast decision."

Botswana: EU Notes Intention To Support Projects of 210 Million Pula

MB1005143196 Gaborone Radio Botswana Network in English 1110 GMT 10 May 96

[FBIS Transcribed Text] The European Union intends to support a number of projects in Botswana to the tune of 210 million pula. This was announced by the head of the delegation of European Commission in Botswana, Mr. Dieter Schmidt, at a reception held at his residence last night to celebrate Europe Day. He said the support package will cover the minerals sector by expanding the copper nickel industry in Selebi Pikwe and the Tati mine near Francistown. Mr. Schmidt said a survey will also be carried out to explore potential mineral resources in Ngamiland.

He further said a financing decision is expected by the end of July for the construction of a vocational training center and an automotive trades training school

in Gaborone West. Mr. Schmidt said the EU strategy formulation for the regional cooperation program with SADC [Southern African Development Community] is advancing and a fresh resource allocation to the SADC region is expected to be announced before the SADC summit in October. Mr. Schmidt said he is pleased by the excellent relations that exists between Botswana and the European Union.

Botswana: U.K. Provides Aid to 3,000 'Threatened' Bushmen

MB1705152596 Johannesburg SAPA in English 1247 GMT 17 May 96

[FBIS Transcribed Text] LONDON May 17 SAPA-AFP — The House of Lords has rushed to the aid of 3,000 Stone Age bushmen threatened with eviction from ancestral lands they have occupied for nearly 40,000 years in Britain's former colony, Botswana.

An impassioned debate in the Lords late Thursday drew outrage and indignation at Botswana's apparent intention to kick the Khwe bushmen off their last remaining piece of land on the Central Kalahari Game Reserve.

Overseas Development Minister Lynda Chalker agreed to investigate the Botswana Government's plans for the aboriginal tribe and ensure they not be forced off "against their will".

Britain was instrumental in establishing the Kalahari reserve in 1961, five years before Botswana's independence, with the aim of creating a homeland for the Khwe, for whom safeguards were written into Botswana's constitution.

But since the 1970s, say anthropologists, those safeguards have been systematically eroded as a result of cattle ranching, farming and tourism, and the Khwe's lands have shrunk, their hunting and water rights choked off.

Today, the remaining 3,000 Khwe occupy a small pocket of land on the reserve, and the government wants to remove them in cattle trucks and take them to far-flung urban settlements.

Lord Pearson of Ranuch, who led the debate, said such a move would cut off 40,000 years of tradition and force the primitive Khwe "into urban ghettos, to wear underwear and eat fast food...They would turn into beggars."

Chalker at first was reluctant for the British Government to take any action, saying Botswana had "a very good human rights record."

She said the government accepted assurances from Botswana that the bushmen were not being forced to leave the Central Kalahari Game Reserve.

Lord Eden of Winton asked her to "critically examine everything that the Botswanan Government say on this issue and closely monitor what they do." And Chalker said British High Commissioner David Beaumont in Gaborone would travel to the Kalahari Reserve, assess the Khwes' situation and report back to London.

"I think the differences that have occurred are quite clearly that many indigenous people who want to stay in their natural habitat also want to change that habitat by having facilities put there - and those things cannot go together," said Chalker.

The British writer and African explorer Sir Laurens van der Post, who first publicized the plot of the Khwe 40 years ago, was said to have been instrumental in forcing debate in the Lords.

Sir Laurens, 89, interviewed by the DAILY TELEGRAPH, said he was incensed that while strong protests had been made by US senators to the Botswana Government, the Khwe issue had been "brushed aside" by Britain.

"We are the godfathers of the Botswanan constitution," he said, "Yet we seem either oblivious to what is happening or prepared to whitewash it. I find this stance unforgivable."

Roy Sesana, a Khwe tribal leader, was quoted by the TELEGRAPH as saying of their remaining land, "This is the last place which my people feel is theirs and they do not want to leave. "The lion and I are brothers, and I am confused that I should have to leave this place and the lion can stay."

Botswana: Norway To Spend 15.7 Million Pula on Projects in 1996

MB1705173596 Gaborone BOTSWANA MMEGI in English 3-9 May 96 p 5

[FBIS Transcribed Text] Between April 24-25, bilateral discussions were held between a Botswana government delegation headed by the Acting Secretary for Economic Affairs, G. N. Thipe and a delegation from the Norwegian government led by Agnete Eriksen, the Deputy Head of the Southern Africa Department, NORAD. The purpose of the discussions was to review progress in project implementation and to chart directions for the coming year.

It was agreed that 1996 will see a continuation of the present focus of the cooperation in the sectors of health, rural development, roads, natural resources and

environment, as well as various forms of institutional cooperation.

A total of NOK 30 million [Norwegian kroner] (approximately P15.7 million [pula]) is budgeted under the country programme in 1996. In addition, NOK 27.7 million (approximately P144.5 million) is budgeted for activities outside the country programme. These include support to SADC [Southern African Development Community], support to NGOs [nongovernmental organizations], volunteer support, scholarships, special grants and commercial assistance.

In accordance with the Memorandum of Understanding signed between the two countries in 1993, continued cooperation will concentrate on institutional collaboration, capacity building, human resource development and commercial cooperation.

The two governments agreed to meet again later this year to take stock of the achievements of the transition period (1993-1996) and to discuss future relations in detail.

Botswana: Listed Foreign-Owned Companies Now Allowed To Acquire Assets

MB1005075196 Gaborone MMEGI in English 26 Apr-2 May 96 p 9

[FBIS Transcribed Text] Public companies listed on the Botswana Stock Exchange, may now utilise local funds to acquire assets in the country as well as invest in other local companies.

Announcing the move this week, the Bank of Botswana said the Vice President and Minister of Finance and Development Planning, Festus Mogae, has agreed to a partial relaxation of the existing regulations.

Exchange policy did not allow non-resident controlled company incorporated or registered in Botswana to use its pula funds for acquiring an interest in any other entity or to acquire any existing Botswana asset.

"While this policy induced non-resident controlled companies in Botswana to finance their expansion and investment activities by injecting foreign currencies, it is perceived that, in certain cases, the policy could have stifled expansion of business activities and employment creation by these companies. In line with the liberalisation strategy, this policy has been reviewed," it said.

The central bank also said that funds collected through the issue of debentures may also be used in the acquisition of existing Botswana assets, provided the debentures have a minimum lock-in period of five years. "This dispensation is only in respect of public companies listed on the Botswana Stock Exchange," it said in a statement.

Botswana: Investment Agency on Impediments to Foreign Investment

MB0605182096 Gaborone BOTSWANA DAILY NEWS in English 16 Apr 96 p 1

[Report by Ramakoba Motlaloso]

[FBIS Transcribed Text] The Director of Trade and Investment Promotion Agency, Mr Dihelang Tsheko says utility costs are not a major impediment to foreign investment in the country.

Mr Tsheko told Radio Botswana News Desk yesterday that the biggest impediment is lack of local expertise, which leads to use of foreign expertise.

He said high remuneration packages and benefits such as housing and car allowances for expatriates largely make it difficult for business to thrive.

Mr Tsheko said his department has embarked on a drive to bring 30 foreign investors to reduce unemployment in the country. He said the companies, some from South Africa and North America will invest in products such as textiles, leather works and pharmaceutical items.

On liquidation and retrenchment which haunt foreign companies, Mr Tsheko said his department can only help by wooing more investors into the country to absorb those who lose jobs when such companies are liquidated.

Mr Tsheko said often the Botswana Development Corporation intervenes to save companies which do not do well to ensure that workers do not lose their jobs.

Botswana: Bank of Botswana Releases Annual Report for 1995

MB0805133896 Gaborone Radio Botswana Network in English 1110 GMT 8 May 96

[FBIS Transcribed Text] The Bank of Botswana has released its annual report for 1995, which shows a substantial increase in income from the 1994 period for the bank. A news release from the bank says last year's income rose to 750 million pula, from 151 million in 1994. It says international reserves also increased from 12.1 billion at the end of 1994 to 13.4 billion at the end of last year.

The release says the domestic economy has continued to expand, with the gross domestic product growing at 3.1 percent. It says formal sector employment increased by 1.4 percent, up from 1994. The private sector also expanded, although the construction sector registered

job losses. Unemployment increased above the 21 percent recorded in 1994.

The release says a deficit of 270 million pula is expected for the budget in 1995-96. It says the deficit raises concern over the sustainability of the government budget strategy. Imports and exports increased by 10 percent last year, which helped to produce a balance of payments surplus, which boosted foreign exchange reserves.

The release says there is increasing concern over Botswana's strategies for social and economic development in extent of their success, and the appropriateness of the strategies for the future. It says the strategy of reinvesting the returns from mineral development into productive assets that could sustain income-generating opportunities into the future has not been fully appreciated by the beneficiaries of the strategy.

The release further says more employment growth is needed to absorb people into subsistence agriculture and absorb a large number of those who are unemployed. It says compared to many developing countries, Botswana has made significant progress in improving the standards of living of the poor, rural dwellers, and females, but it says much remains to be done.

The report is available from the Bank of Botswana at a cost of 10 pula.

Botswana: Bank Blames Government for Slow Economic Growth

MB1005163096 Gaborone THE BOTSWANA GUARDIAN in English 19 Apr 96 pp 11, 13

[FBIS Transcribed Text] Bank of Botswana (BoB) blames the Government for the slow economic growth experienced by the country in recent years.

In its 1995 Annual Report summary presentation to the media on Monday 15 April], the bank says: "Development is not a static process; the slowing down that Botswana's economy has experienced in recent years can be ascribed to government interventions of the past, which were intended to be growth-promoting, but have become growth-retarding, such as long delays for telephones, postal services, resident permits and assorted licences, land allocation, etc. Or the ineffectiveness of TIPA [expansion unknown], as well as the inefficiencies and losses associated with various parastatals for example Botswana Agricultural Marketing Board, Botswana Housing Coronation, Air Botswana, Botswana Railways."

The bank says availability and cost of capital was not a constraint to productive investment. It says that a significant part of the growth achieved in the past could be attributed to increase in total factor productivity. That productivity growth was very high (four percent per annum) during the first 10 year period; and very small (0.5 percent per annum) during the second 10 year period. BoB says counter factual experiments show what could have been if total factor productivity growth had remained at the same level as achieved during 1974/75 to 1984/85. "If that rate of growth of productivity had continued, Botswana could have been over 40 percent better off," says the bank.

In equality and social justice, the bank says the two have been issues of major concern. There have been various competing notions of what social justice entails, and wide disagreement over what equity means. The Bank says while inequality may be inevitable in any dynamic economic system, the key to equity over time rests in having opportunities for those who are poor, to move out of poverty. The Report argues that social justice depends primarily on the extent to which all Batswana have access to economic opportunities, and secondarily, on how those who do not fare well pursuing those opportunities, are taken care of.

In designing policy measures to improve social justice, the Bank says there was need to avoid the adverse effects of redistribution measures; for example, the disincentives to work and be self-reliant, the potential for increased dependency, and the potential for abuse and rent-seeking behaviour. The Bank says there was need to remedy any bias against the poor due to inequal opportunities through lack of access to education and training or through discrimination on the basis of gender or ethnic background.

However, contrary to most of the reports about inequality in Botswana the Bank says the country compares favourably with other developing countries, most notably with respect to rural households. It says Botswana compares well to other countries, both with respect to ratios of rich to poor, and the average income of the poor, which indicates that while Botswana has a high ratio of the income of the rich to the poor, compared say to Ghana, the ratio was lower than for most other African countries. In addition, the poor in Botswana are said to have substantially higher average incomes than do the poor in other Sub-Saharan African countries.

The Bank says government typically has a major role in stabilisation. Maintaining a long-run perspective and providing for contingencies are important elements in avoiding a stop-go unstable economy. It says while markets generally do a good job in organising the production and distribution of the goods and services a society wants, there are instances in which markets fail

and government intervention may be needed to remedy the situation .

The Bank says activities which gave rise to externalities or "spillovers" to third parties (e.g. CBPP [expansion unknown]), can justify government intervention in the form of regulation, taxes or subsidies. It says the existence of monopolies which can exploit consumers, may also warrant government intervention to regulate them.

However, the Bank cautions that government must be careful to ensure that its intervention in such cases does not lead to the cure being worse than the disease; that is to say, that "government failure" is not more costly to society than "market failure". Government, it says, has a major role in the provision of public goods, goods that cannot be adequately or efficiently supplied by the private sector. It says there are four areas to be reformed: prudent budgets; cost-effective revenue generation; improved resources allocation; and improved performance of governmental authorities.

Botswana: Diamond Company Records Highest Net Income Ever

MB1505133696 Gaborone Radio Botswana Network in English 1110 GMT 15 May 96

[FBIS Transcribed Text] The Botswana Diamond Company released its annual report today showing a net income of over 2 billion pula for the first time in the history of the company. The managing director, Mr. (Baletse Gaolatlhe) says the company did well last year, producing more than 16 million carats. He said the company's income of 2.188 billion pula is mainly as a result of the strength of the U.S. dollar against the Botswana pula. The company's sales quota was maintained at 85 percent because of the continued imbalance in the diamond market. But Mr. (Gaolatlhe) indicated that he does not see the quota increasing in the short term, although there are hopeful signs in the long term. But the report shows an improvement in the global diamond market, reaching $4.531 billion from $4.250 billion in 1994.

On training and localization, the company says it trained more than 1,690 employees on different discipline last year. It also indicated that a 7.5 percent salary increase across the board was awarded to its employees last year, as well as a 2 percent increase for merit. Negotiations are already under way on this year's increase. The company continued its reputation as having some of the safest mines in the world. Jwaneng extended its record of fatality-free shifts past the 5 million mark.

Lesotho

Lesotho: EU To Provide Development Aid Worth 330 Million Moloti

MB1605075296 Maseru Radio Lesotho in English 0500 GMT 16 May 96

[FBIS Transcribed Text] Lesotho will receive development assistance totalling about 330 million moloti from the European Union under the National Indicative Program, in terms of the Lome IV Convention.

The financial assistance was contained in a letter from the member of the European Commission responsible for Development Cooperation, Professor J. Pineiro, delivered by the head of the delegation of the EU to Lesotho, Mr. (Joaquim Zudberg).

Mr. (Zudberg) delivered the letter to the prime minister, the right honorable Dr. Ntsu Mokhehle, yesterday, in the presence of the deputy prime minister, honorable Pakalitha Mosisili, and other Cabinet ministers.

An announcement from the office of the EU in Maseru said the financing was exclusively in the form of grants, and was not included in regional cooperation arrangements, loans from the European Investment Bank, and other EU sources.

The financial assistance will be the subject of an indicative program to be established later this year between the government of Lesotho and the European Union.

Lesotho: Government Budget Tops 2 Billion Rands

MB1005075996 Johannesburg SAPA in English 1349 GMT 9 May 96

[FBIS Transcribed Text] MASERU May 9 SAPA — The Lesotho government will spend more than R2 billion [rands] on public expenditure during the 1996/97 financial year in terms of the Appropriation Bill passed in parliament on Thursday.

The Bill provides for public expenditure of just under R2.1 billion for the financial year ending March 31 next year. The largest expenditure in the budget, more than R413 million, has been allocated to education and manpower training. The Education Department will get R129 million, of which R63 million will be spent on the National University of Lesotho, while R60 million will be used for bursaries for educational training. Health and social welfare have been granted more than R131 million.

In the development budget, public works received the biggest share — more than R170 million — while

the Lesotho Highland Development Authority received about R139 million.

Finance Minister Moeketsi Senaoana said the largest contribution to the country's revenue was from Lesotho's share of the customs received in the Southern African Customs Union, which accounted for more than 54 percent of total revenue.

Lesotho: Gasoline, Diesel, Paraffin Prices Increase 30 Apr

MB0305182496 Maseru Radio Lesotho in English 1600 GMT 3 May 96

[FBIS Transcribed Text] The minister of natural resources has announced that the prices of petrol, diesel, and illuminating paraffin have been increased with effect from April 30. The announcement said that the retail price of petrol and diesel have been increased by 60 cents per liter, and the wholesale price of paraffin by 80 cents per liter. The ministry said the reason for these increases was the increased posting cost of products in the Northern Hemisphere, and the weakening of the rand against the U.S. dollar. The ministry has appealed to all retailers to pass the proper prices to the consumer. More information concerning these new prices can be obtained from the Department of Energy and the Department of Trade in the districts.

Lesotho: Trade Unions Reject Government Privatization Plans

MB0605205596 Johannesburg SOWETAN (BUSINESS Supplement) in English 6 May 96 p ii

[Report by Mojalefa Ntlatlapa]

[FBIS Transcribed Text] Maseru — About 30 trade unions have unanimously rejected the government's moves to privatise state-owned companies.

At a government-sponsored workshop on privatisation in Maseru at the end of last month the main rival worker's federations buried their differences and joined forces with non-affiliates to discuss the future of the workforce in relation to the government's privatisation project.

Despite their ideological differences, the Lesotho Federation of Democratic Unions and the Lesotho Trade Union Congress strongly warned the government against what they called a culture of unscrupulous adoption or the institutional and policy reaffirms prompted by the International Monetary Fund (IMF) and World Bank.

Workers insisted that although the IMF's policies like privatisation are often advertised in the name of development, experience has proved that they do not benefit the working class. They instead result in a massive loss of jobs.

For example in Zambia and Malawi thousands of workers not only lost their jobs, but waited years for retrenchment packages after the implementation of IMF's privatisation policies.

Although they have been promised opportunities of buying shares in the companies that are to be privatised, workers said they feared it would not be easy for an ordinary person to raise enough cash to buy shares or even for a group of workers to buy any businesses as they would be sold to the highest bidder.

Sehoai Sanatho, a political economist at the Institute of Labour Studies, told the workshop that Lesotho graduated at the end of 1993-94 from the string of IMF and World Bank following the government's successful implementation of the structural adjustment programme.

As a consequence, Lesotho is no longer bound to slavishly follow IMF World Bank policies. Instead, our government could benefit from the same institutions by negotiating their assistance for homeplanned structural reforms to strengthen its institutions instead of selling them off he said.

The government's commitment to parastatal reform and privatisation was announced last year as part of the structural adjustment programme.

The plan is to implement the privatisation programme over five years until 1999. Companies to be privatised include the Basotho Fruit and Vegetable Canners Lesotho Brewing, Loti Brick, Basotho Enterprises Development Bank, Lesotho Airways, Lesotho Bank, Lesotho Electricity Corporation and Lesotho Telecommunications Corporation.

The rate of unemployment in Lesotho is currently estimated at between 35 and 40 percent with about 20,000 youth joining the job market each year.

Mozambique

Mozambique: RSA President Mandela Addresses Investor Conference

MB0605092996 Johannesburg SAPA in English 0724 GMT 06 May 96

[Speech by South African President Nelson Mandela at the Maputo Development Corridor Investor Conference in Maputo on 6 May; issued on the SAPA PR wire service]

[FBIS Transcribed Text] Your excellency, President Joaquim Chissano; honourable ministers from Mozambique and South Africa; business leaders from Southern

Africa and abroad; distinguished guests; ladies and gentlemen,

We have long cherished the dream that one-time allies in the struggle for liberation would become partners in development. We have during the past two years taken great strides in preparing to make that dream a reality.

With the Maputo Development Corridor Initiative we see the preparations coming of age in a concrete and most exciting way. Over the past six months the governments of Mozambique and South Africa have been working together to put in place the necessary foundation for the launch of this initiative.

I would like to take this opportunity to commend all those involved for the speed and thoroughness with which this work has been done. Congratulations! You have laid a sound foundation.

The task now is to maximise private sector participation, essential to the success of the project. The development and co-operation elements of the initiative will make an important contribution to peace and stability in South Africa. The significance of this conference, therefore, lies in providing opportunities for investors to help make the Maputo Development Corridor a meaningful and sustainable initiative, at the same time as earning a profit for themselves.

Ladies and gentlemen;

The corridor has strategic significance in more ways than one. It is a practical implementation of the commitment of our governments to regional co-operation within Southern Africa. Already the mutual benefits of such co-operation for both Mozambique and South Africa stand out for all to see.

The South African government is committed to co-operating with Mozambique in its reconstruction as outlined in the Economic Recovery Programme. The Maputo Development Corridor initiative represents one of the major undertakings in this regard.

The Corridor initiative also fits firmly within South Africa's own strategy for growth and development. In this project are contained the most important elements of our investment strategy, such as; partnership of government and the private sector; investment in infrastructure; the stimulation of sectors that boost foreign exchange earnings; the attention to developing our human capital, and the creation of jobs.

This conference is the first of many steps to engage the private sector in this historic initiative. The projects to be presented here will show that a framework has been established in which sound and practical investment decisions can be made in a range of sectors, both in South Africa and Mozambique.

In the six short months since President Chissano and myself agreed to embark on this initiative, our two governments have jointly generated a vision and goals for the Corridor. Even more critical, they have done sectoral analyses and identified concrete projects. Business often, and quite correctly, is in the habit of urging governments to create conditions in which investment can thrive. This is one good example of such conditions, created both with visionary zeal and a knack for practical detail.

Key infrastructural projects, some of them the subject of agreements to be signed today, will improve efficiency in transportation, as well as increasing the carrying capacity for road, rail and port traffic. The toll road from Witbank to Maputo, for example, will see private sector involvement not only in construction but also in its operation over a long period. Similarly the upgrading of the port and rail facilities will be undertaken on a joint venture basis between South Africa and Mozambique, with the private sector playing a critical role.

Substantial private sector interest already exists and preparations have begun. The obvious economic advantages and potential returns from investment in the corridor are going to result in a hive of activity. In anticipation, both governments have committed themselves to dedicating capacity for the longer term management co-ordination and promotion of the Corridor.

Simply put, the corridor makes access to and from Maputo easier and more efficient. It makes expansion of existing operations in mining, manufacturing, agriculture and tourism feasible, and it opens up substantial new investment opportunities in these sectors.

Local benefits, particularly in terms of jobs and the development of social services will be felt along the corridor and beyond. Sub-corridors will open gateways to communities in Mpumalanga and Northern province, and to the area North of Maputo to Pande.

Distinguished guests,

Current private sector feasibility studies include some giant projects, in both South Africa and Mozambique. They would enlarge enormously our region's capacity to add value to its abundant mineral and energy resources; to boost exports; and to create jobs.

Each of the mega-projects being considered for Maputo, for example, could double Mozambique's exports; and give a major boost to Maputo's urban renewal process.

If, in the past, our peoples shed blood in pursuit of a political idea; if hatred and destruction characterised

inter-state relations; then today we can all together put our shoulders to the wheel in search of prosperity.

Our governments have blazed the trail of this new partnership. The challenge for investors is to match the boldness of this unique undertaking with their own practical decisions. Let us all join hands in making a better life for all our peoples. Let us enter the new millennium in a partnership of creation and prosperity.

Mozambique: Maputo Investor Conference Opens; Chissano Urges Investment

MB0605131296 Maputo Radio Mozambique Network in Portuguese 1030 GMT 6 May 96

[Report by Gabriel Mussavel]

[FBIS Translated Excerpt] The Maputo Corridor investor conference opened in the Mozambican capital this morning. The ceremony was attended by President Joaquim Chissano and Nelson Mandela, his South African counterpart.

Approximately $1 billion is needed to make viable the Maputo Corridor development project, including: Rehabilitating the Ressano Garcia railroad to allow trains to travel at normal speed and also to repair some sectors of the railroad; building a tollgate highway between Witbank, in South Africa, and Maputo, the aim of which is to shorten the distance between those two points; harbor dredging and improved harbor operations; and developing the telecommunications sector. As one can infer, the project's emphasis is on the transport sector. [passage omitted]

The Mozambican and South African transport ministers also signed an agreement concerning maritime affairs in Maputo this morning. [passage omitted]

[Begin Chissano recording] We are aware of the growing interaction between Mozambican and South African businessmen and we are certain that this dialogue will lead to greater mutual knowledge. This will allow business partners to identify or create mechanisms so they can participate in, and extract benefits from, the various components of the Maputo Corridor project.

On behalf of the Mozambican Government, we would like to assure the South African Government and all potential investors in the Maputo Corridor development project that we will know how to use our country's laws to protect their investments so there will be maximum advantages to both sides. Thus, we would like to call on Your Excellencies to invest without fear in the Maputo Corridor development. [Words indistinct] this is an unequalled opportunity to contribute toward development in Mozambique and South Africa with benefits for all participants. [end recording] [passage omitted]

Mozambique: Maputo Corridor Conference Ends With Investment Pledges

MB0705203296 Johannesburg SABC 3 Television Network in English 1800 GMT 7 May 96

[FBIS Transcribed Text] The Maputo Development Corridor Investment Conference has ended with pledges from the private sector to bid for several projects worth billions of rands. South African companies said they will tender for major projects, like road construction and the dredging of the harbor.

[Begin recording] [SABC correspondent Snuki Zikalala] There are only 190 lines of communication between South Africa and Mozambique. Following the Witbank-Maputo Corridor Project, the two countries are installing a new digital system. This will increase the lines of communication to 300. Transnet [public transportation company] and the Mozambican railways have established a joint venture which will upgrade railway facilities. The joint venture could mean that a number of Mozambicans may lose their jobs because of restructuring. [South African Transport Minister Mac Maharaj] It is overemployed. To introduce efficiency, it's going to be inevitable that there's going to be retraining and retrenchment, and the Mozambican Government has received support from the World Bank to the tune of $30 million, I think it is, for the retraining.

[Mozambican Transport Minister Paulo Muxanga] Several South African entrepreneurs informed the meeting that they are willing, on the one hand, to convey their cargoes through Maputo rail and Maputo port.

[Zikalala] The private sector have pledged to invest billions of rands into the Mozambican economy. A consortium, Via Do Sol, have tendered for the restructuring of the road.

[Consortium Via Do Sol spokesman Alan Dawson] The value of the toll road is likely to be of the order of 600 to 700 million rands. This will need to be constructed within two years, and we anticipate up to 1,000 jobs will be used during construction along the length of that toll road.

[Zikalala] In just one instance, a smelting company is expected to create 30,000 jobs when it establishes a new plant. The Witbank-Maputo Corridor will create an enabling environment for growth, without which poverty reduction cannot be achieved. [end recording]

Mozambique: Transport Ministers Pledge Cooperation With Private Sector

MB0805193096 Maputo Radio Maputo in English 1800 GMT 8 May 96

[FBIS Transcribed Excerpt] The Maputo corridor investors' conference ended in the Mozambican capital yesterday with confidence declarations by the Mozambican and South African transport ministers, Paulo Muxanga and Mac Maharaj, that private capital would cooperate with the two governments in upgrading and using the transport links between Maputo and South Africa's industrial heartland. At a final press briefing, Mr. Maharaj, describing the conference as very successful, praised the spirit of partnership shown by the private sector. He said they came to hear from the business community not simple pledges of money, but to understand what they were thinking. Mr. Maharaj was pleased that the general feeling among potential investors was that the two governments were doing the right thing. He claimed that the government's spirit was to ask investors what else they needed to do and find out from them where the government had gone wrong. [passage omitted]

Mozambique: Romania Signs Accord To Promote, Protect Investments

MB1705151296 Maputo NOTICIAS in Portuguese 2 May 96 p 9

[FBIS Translated Text] The Governments of Mozambique and Romania last week signed an agreement designed to mutually promote and protect investments. Romanian Trade Minister Valer Potra told NOTICIAS, after talks with the Mozambican Government on 27 April, that the two countries examined the need to draw up a joint strategy designed to place their trade relations on a new foundation, in accordance with existing market economies.

"In this context, we agreed in principle to change the legal framework of our bilateral cooperation in order to adjust it to the new economic relations between our two countries," he said. Potra said the two countries want to update the existing trade and cooperation agreements, draw up a new joint commission agreement, as well as an agreement designed to avoid double taxation. "The agreement on double taxation will allow businessmen from both countries to pay taxes on dividends only once and not twice, as has been the case," he said.

On Mozambique's debt, which Romanians say is valued at $88 million, Potra feels the problem, although important, should not affect economic relations between the two countries.

"During talks with the Mozambican delegation, I observed there is complete readiness to establish a new kind of relationship. We decided our businessmen should exchange visits and jointly participate in trade fairs and exhibitions," he said.

Meanwhile, representatives from the Mozambican Industry, Commerce, and Tourism Ministry are expected to visit Romania this year, within the framework of the Joint Mozambican-Romanian Commission.

A Romanian delegation of businessmen is currently in Mozambique to establish contacts with national businessmen. On 29 April, the delegation held bilateral talks with members of the Mozambican Private Enterprises' Association.

Mozambique: Romania Involved in Cotton Production in Zambezia

MB1305203696 Maputo Radio Mozambique Network in Portuguese 1730 GMT 13 May 96

[FBIS Translated Text] A private Mozambican-Romanian mixed company was created in Mozambique last year. (Valery Nicolay), Romanian Embassy charge d'affaires in Maputo, said it is the first time on the African continent that his country is participating in this kind of venture. The company based in Mocuba, Zambezia Province, will mainly produce cotton, in an initial area of 1,000 hectares.

Mozambique: African Development Bank Finances Massingir Dam Project

MB1405154496 Maputo NOTICIAS in Portuguese 11 May 96 p 1

[Report by Matias Mandlate]

[FBIS Translated Excerpt] Repair work on the Massingir Dam, in Gaza Province, is expected to begin soon. Its main aim is to resolve the problem of leaks and to install floodgates so as to increase its capacity to retain and control water in the event of floods. The repair project will be financed by the African Development Bank to the tune of more than $60 million.

National Water Affairs Director Luis Elias says only some preconditions set by the financier need be met so the work can begin. Those preconditions include setting up a technical and administrative body that will manage the dam.

It has been learned that the leaks led to delays in installing floodgates in the water discharging sections. In turn, this did not allow the dam to retain enough of the recent rain water to guarantee irrigation in the

Chokwe and Baixo Limpopo farming areas for a long enough period. [passage omitted]

Mozambique: Finance Minister Announces Fiscal Reforms

MB1105184096 Maputo MEDIAFAX in Portuguese 6 May 96 pp 1, 2

[FBIS Translated Excerpt] Fiscal and customs reforms will finally be introduced in Mozambique, according to Finance and Planning Minister Tomas Salomao. It now remains to be seen whether it will be a speedy process or a long march toward finding an ideal fiscal and customs policy for our economy.

Finance Minister Tomas Salomao revealed the introduction of the reforms at the end of a news conference by Katherine Marshall, president of the Paris Consultative Group and head of the World Bank's Africa Division. Minister Tomas Salomao was at the news conference. MEDIAFAX asked him: "Mr. Minister, is it true the government will introduce a new customs tariffs on 1 June?"

Tomas Salomao first hesitated but then replied: "Yes."

"The document is almost done," Tomas Salomao said. He said a series of "internal meetings" between his ministry and ministries directly involved in the issue will be held, and the document will be submitted toward the end of the month to the Assembly of the Republic for approval. The minister said, however, the government will meet again with economic associations for a final revision before making the document official. [passage omitted]

The minister said the understanding between the government and the IMF and the World Bank is that "there is a need to reduce taxes in order to reduce tax evasion. There is a need for constant revenue." Salomao said donors "favor tax reduction in order to extend the taxable field and reduce corruption." He said the government has a "few months" to try a series of "tests."

We asked the minister to reveal details of the new customs tariffs. He said he preferred to reveal it to economic associations first. All the same, he said there will be a 50 percent reduction in the turnover tax in tourism and a one-third reduction in the national beer tax. [passage omitted]

Mozambique: State Loses $150 Million From Illegal Gold Exploration

MB0405195496 Maputo Radio Mozambique Network in Portuguese 1730 GMT 4 May 96

[FBIS Translated Excerpt] The state has lost about $150 million from the illegal exploration of gold in Niassa Province. Gilberto Mbanze, economy director in the Ministry of Mineral Resources and Energy, said his ministry plans to establish small production centers for gold explorers, with 45 workers each. He said the measure is designed to reduce the influx of foreign gold explorers. [passage omitted]

Mozambique: Trade Union Wants Role in Privatization Process

MB0305191396 Maputo Radio Maputo in English 1800 GMT 3 May 96

[FBIS Transcribed Text] The Mozambican Trade Union Federation, the OTM, has proposed to the government that trade unionists should have a role in the process of privatizing the state-owned companies. This demand was raised yesterday during a session of the tripartite meeting between the government, the unions, and the Employers' Association. Speaking to the media after the negotiating forum, OTM Secretary General Soares Nhaca said that the union, especially in the privatization procedure, would allow a better control over the destiny of the companies concerned. So far, the trade unions have only been granted a role in the privatization of small and medium-sized companies, but not in any of the real giants of the Mozambican companies. Mr. Nhaca protested against what he called a lack of control in industries immediately prior to their privatization. During the meeting, all sides — the unions, the employers, and the government — expressed [words indistinct] involved in privatization.

Namibia

Namibia: Country Unveils Incentives Plan To Attract Foreign Firms

MB1605113196 Johannesburg THE STAR (BUSINESS REPORT supplement) in English 16 May 96 p 3

[Report by James Lamont]

[FBIS Transcribed Text] Johannesburg — Namibia signalled yesterday that it would aggressively campaign for direct foreign investment in its economy by relaxing its labour laws and tax regime in a bid to make it the top investment location in southern Africa.

At a trade and investment seminar, a high-level Namibian delegation unveiled a plan to establish export processing zones around the country to attract investment and establish an industrial base.

Companies locating in the zones would enjoy indefinite tax-free status, and no strikes or lockouts would be tolerated for five years. The incentives would also apply to single factories.

"Our primary concern is the continuity of production," said Hanno Rumpf, the permanent secretary at the Namibian trade and industry ministry. "The export processing zones are a measure to allow us to industrialise."

The application of the Labour Act could be considered if production ran smoothly, Rumpf said.

"We are not attempting to become the sweatshop of the world."

Companies locating in the export zones would be exempt from corporate income taxes, customs duties, sales taxes, transfer taxes and stamp duties. Manufacturers seeking to produce primarily for the Southern African Customs Union market would qualify for further incentives. These included wage deductions of 125-percent of costs, the reimbursement of up to 50 percent of the cost of approved industrial studies and training cost deductions of 125 percent.

Foreign investors in Namibia were also guaranteed the right to repatriate their capital and profits.

Manuel de Castro, the mayor of Walvis Bay, Namibia's only commercial port and the location of the first export zone, said the development of an industrial base was necessary to reduce a 35 percent unemployment rate. Ten companies had already signed up for the Atlantic port's industrial park.

Walvis Bay would be linked to the southern African hinterland in 1998 by the trans-Kalahari and Caprivi highways.

The Namibian economy has traditionally been extractive, founded on mining, agriculture and fishing. It was also highly dependent on South Africa. Namibian exports to South Africa totalled R2 billion [rands] last year, but Namibian imports from South Africa amounted to R5 billion.

Namibia's southern neighbour provided 80 percent of its imports. "We want to equalise the balance by getting manufacture going," said Rumpf. "The investment conditions are such that there must be manufacturers in South Africa considering expansion into Namibia."

The Namibian president Sam Nujoma told the conference that the Namibian economy would shift from its traditional reliance on the production and export of unprocessed minerals, beef and fish, and would target manufacturing, tourism, transshipment and energy.

Nujoma said that Namibia received preferential market access to the European market through the Lome Convention and to North American markets through the generalised system of preferences.

Namibia: Dutch Official Visits To Discuss Development Projects

MB2105180596 Windhoek DIE REPUBLIKEIN in Afrikaans 17 May 96 p 3

[FBIS Translated Text] Job creation for former PLAN [People's Liberation Army of Namibia] fighters, the extension of an adult literacy program, and water supply plans are among some of the most important issues addressed by Dutch Minister of Development Cooperation Jan Pronk during his recent visit to Namibia.

The trade representative at the Dutch Embassy in Windhoek, Desiree Bonis, said in an interview that Pronk's three-day visit follows a decision to strengthen bilateral ties and gain first-hand knowledge of Dutch development projects in Namibia, currently worth 25 million Namibian dollars annually.

According to Bonis the most urgent of these projects is the job creation program for former PLAN members, discussed between Pronk, Tertiary Education and Vocational Training Minister Nahas Angula, and Saarah Kuugongelwa of the National Planning Commission. An ILO delegation visited Namibia in January to advise the government on this issue.

It was found that the data on PLAN members was incomplete and a report was compiled to bring these details up to date. The provisional findings have been made available to Namibia and the Netherlands. At last year's donor conference in Geneva, Pronk pledged 15 million Namibian dollars toward the project, to be launched shortly. There are approximately 12,000 PLAN members dependent on this job creation plan. Half are women.

In 1994 the Netherlands launched a five-year literacy program for adults, worth 12 million Namibian dollars. Pronk held talks with Deputy Minister of Basic Education Clara Bohitile to discuss the issue. She expressed her concern about children who do not receive any education, especially those living on communal farms and in squatter camps, or those who are part of marginalized indigenous groups like the San and the Owahimba.

Part of the program's funding was spent on the construction of the recently completed Rossing education center for adults, to be inaugurated by President Sam Nujoma in August. A delegation of technical experts will visit Namibia at the end of the month to monitor the literacy program for adults.

Another project the Netherlands became involved with in 1993, together with other donor countries and the Namibian Government, is the laying of water pipes in northern Cuvelai. Pronk visited the project with

Agriculture Minister Nangolo Mbumba and gave the assurance of his government's continued support for the project. Bonis says that the Netherlands has pledged approximately 50 million Namibian dollars for the project to benefit 600,000 people on completion.

Minister Pronk also discussed international and regional issues with President Nujoma and Foreign Minister Theo-Ben Gurirab. Bonis says Pronk was very impressed with the Namibian Government's commitment to implement the project, and said the extension of financial aid is possible if the Namibian Government asks for it.

Republic of South Africa

South Africa: Minister Rules Out Lifting Exchange Controls Timetable

MB0305100996 Johannesburg SAPA in English 0950 GMT 03 May 96

[FBIS Transcribed Text] Cape Town May 3 SAPA — Finance Minister Trevor Manuel on Friday ruled out the possibility of setting a timetable for the lifting of exchange controls, saying this would create a whole new series of opportunity for arbitrage.

He also ruled out wide-scale privatisation of state assets in the near future. "With exchange controls you have only one opportunity to get it right," Manuel told businessmen in Cape Town. "You can't drop them and then when you realise there is an exodus of capital from the country reverse your decision."

The government's policy was supported by "those who wrote the textbooks". The recent hammering the rand had taken was not the first time a currency had come under pressure and certainly wouldn't be the last, Manuel said.

The rand's fall, perhaps, had less to do with the personalities involved than the international trading community wanting to make a quick buck.

Manuel stressed that monetary policy was the responsibility of the Reserve Bank. Monetary policy would be conducted so as to protect the rand's value, but not to the extent of taking on the markets to maintain the currency at a set rate.

As the world was increasingly marked by enormous daily capital flows, it was not unique to see national reserves transfered from a country's reserve bank to the pockets of "very clever gamblers known as currency traders".

Manuel said he was not knocking the market. He dismissed the possibility of wide-scale privatisation of state assets in the near future, saying the government needed an opportunity to get policies in place. "There has been a lot of pressure on the government to act in a manner that is not prudent. We know there are people who are impatient but know...fire sales can be the worst thing for a country."

On COSATU's [Congress of South African Trade Unions] national strike, he said: "I don't think every time there is a strike in this country it is necessary to start shouting from the rooftops Armageddon is here". Last year had seen the least strikes in any year since 1982.

Manuel said he had been favourably received by leading financial decision makers on his recent overseas visit. "It laid the groundwork for good and solid contact between ourselves and decision makers in financial institutions." The trip was not a roadshow to speak to fund mangers and analysts, although such a trip had been planned to the United States in June.

Manuel jokingly referred to his inability to afford property, saying "first the group areas kept me out, now it's the bloody rand."

South Africa: Finance Minister Manuel Interviewed

MB0605093296 Johannesburg SABC 3 Television Network in English 1815 GMT 5 May 96

[Interview with South African Finance Minister Trevor Manuel by SABC political correspondent Sylvia Vollenhoven in the parliamentary studio of the SABC in Cape Town in the "Focus" program; date not given — live or recorded]

[FBIS Transcribed Text] [Vollenhoven] Capetonian Trevor Manuel was a student activist in the turbulent seventies. He matriculated at the Harold Cressy High School, and subsequently completed a civil engineering diploma at the Peninsula Technikon. He was involved in high-profile antigovernment activities at the time, and became a key player in the formation of the United Democratic Front. Five years ago he was elected to the National Executive of the ANC, where he headed the Department of Economic Planning. After the 1994 elections, he was appointed minister of trade and industry. Mr. Manuel, good evening and welcome to Focus on Sunday. You've just returned from a rather high-profile trip abroad with [former finance minister] Chris Liebenberg. What would you say was the main achievement of that visit?

[Manuel] I think it was essentially an opportunity to discuss with key decision-makers in world finance, their view on what is happening in South Africa, and also just a general introduction to some of the individuals who I didn't know; others, of course, I've had contact

with in a different guise earlier. I think it was highly successful, and the success of the trip, I think, can be measured by the comments of Michel Camdessus, the managing director of the International Monetary Fund, when he was in South Africa just a week ago, and felt that he needed to say something in support. Now here is an individual who effectively surveys the economies of all countries who are members of the IMF annually; he's on top of the situation. To finance ministers around the world, I've said before, Camdessus walks through walls, and he's prepared to stick his neck out on the management of the economy, as a result of the communication between ourselves. I can assure you, Sylvia, you don't just walk in there and say: Well, I'm Trevor Manuel, I'm the new finance minister. You sit down; you're going to be grilled by individuals who are part of the Africa team, part of the South Africa team, and the top economists of the IMF. You emerge from that, with Camdessus happy with the overall management of the economy. You can't ask for more.

[Vollenhoven] Which brings us to the point that the IMF and the World Bank have offered to put out a helping hand, and we've consistently declined to accept loans. Why is that?

[Manuel] Well, I think that in respect of loans, we've gone to the private sector. In the course of last year there was a Samurai bond issued in Japan; it was a global issue. In January this year I was part of a team that went to the UK to raise money there. The interest rates were phenomenally low for a country that asked to borrow money for 10 years. That certainly was a signal of confidence, and that kind of confidence spreads throughout the private sector, and is, at the end of the day, a very, very important indicator of investor confidence. We do interface with the World Bank...

[Vollenhoven, interrupting] Why are we wary of accepting their money?

[Manuel] It's not just being wary of accepting their money, it's about going there at the right time, it's about sending signals to the private sector, as well as to the World Bank. I know that the World Bank has engaged with us, probably over the past five years now, on all kinds of policy issues. A lot of that work has been very, very useful to policy formulation in South Africa. But at the same time, I think the World Bank are looking for a different kind of engagement. They recognize that they've made some mistakes in developing countries around the world, and would prefer more direct engagement. Their views have been tested. They have a sense that they don't walk on water, and there is a fairly healthy relationship. We met Jim Wolfensohn, the president of the World Bank, during the recent visit to Washington. In relation to the IMF, there was a loan that was very broadly canvassed in 1993 — a special facility to assist us with the drought. It was some $850 million. There is a standby facility, and one that we're watching, should there be a currency crisis. I'm saying there's no crisis yet. Should there be a currency crisis, certainly, we'd take account of the available offer for a standby facility from the IMF.

[Vollenhoven] Coming to the 1 percent hike in bank rates in response to the falling rand: some commentators say that that's too little, too late. What is your feeling?

[Manuel] Well, the management of interest rate policy is performed by the Reserve Bank. They are independent — they have a constitutionally entrenched independence...

[Vollenhoven, interrupting] But you have a close working relationship.

[Manuel] We have a close working relationship. I believe very strongly that, notwithstanding the independence, because of the interconnectedness between those two parts of what we do — fiscal and monetary policy — it is important that between [Reserve Bank Governor] Chris Stals and I, we establish a fairly solid basis for cooperative management overall, so that we aren't at odds, in terms of policy direction. It may — I know that it's perceived as too little, too late. It was exercised after a lot of caution. You see, the problem about interest rates is that they speak to the international community, but they have very serious consequences for the domestic economy. They push up people's mortgage bond rates, they impact on how much disposable income people have in a country. Already our interest rates are high, and, you know, looking back, you've had a situation where the rand appreciated against the dollar in real terms for a period of about nine months. But that is not something that's felt in the pockets of people. I think that the exercise of interest rate hikes after fairly extensive analysis of the situation, and the impact of that — bear in mind also that the rand devaluation does have an inflationary impact. I mean, fuel price goes up, people who commute in taxis therefore have to bear the burden. You've got to take account of the total picture, and not just willy-nilly act to increase interest rates, which already are substantially higher than most parts of the world.

[Vollenhoven] In the insert we've just watched, there was mention of [Deputy President] Thabo Mbeki's growth and development plan, which has been under wraps, and there's been some speculation about it. What happened to that plan?

[Manuel] I'd say largely, it's work in progress. If we want a policy framework that has credibility, it's important that it be empirically sound. I don't want to engage in debate either with the South Africa Foundation or labor on the veracity of their documents, but I think that there are big holes that any analyst would be able to pick up on. If you want a document that will be able to be tested by anybody, regardless of where they are in the world, it's important that you get your numbers right. I can merely say at this stage that I'm aware of the fact that there's ongoing research, and as far as I know, the deputy president is not ready to put that full package on the table yet.

[Vollenhoven] What is the holdup?

[Manuel] The holdup is testing, because, as you do analysis — and what economists do is, they simulate, in fact, what the effects of a decision in one or other direction would be. This might have some impact on policies, which then need to be checked against all kinds of government papers, or government departments checked against white papers that have already been released. It's not the kind of work that you rush through in order to race against business or labor, so that you could get to the tape before them. It's more important that you have policies in place that can stand the test of time.

[Vollenhoven] But why was there a partial unveiling of this manifesto in December last year, with the promise of more things to come by April, it was said?

[Manuel] I can't answer for that, but sometimes there are some delays as people put this kind of work together. You need to have it tested in all kinds of quarters, and know that they're policies, as I say, that can stand the test of time.

[Vollenhoven] You were quoted in one weekly newspaper as saying there's not going to be much change in policy direction between your administration and Liebenberg's administration. Are we to read that this is business as usual?

[Manuel] I think that what you've seen in the past two years, at least, has been laying a framework for policy implementation. If you look at the budget that Chris Liebenberg tabled in parliament on 13 March, you'll find a very clear commitment of the government to continuing to reduce the fiscal deficit, because that imposes a tax on future generations. It doesn't help us; it might look good — you can borrow as much as you want to now, you can have the country live beyond its means, but future generations will be penalized for that. We don't think that high fiscal deficits are sound policy. So continuing a program of deficit reduction, we think, is necessary in the interests and the wellbeing of the country, ensuring that government provides some leadership by seeing the country live within its means, is the kind of thing. [sentence as heard] I'm saying a basis has been laid, and we will continue with this. A number of measures were announced, which will improve in the overall management of government finances. An Expenditure Evaluation Unit will be up and running very soon. We've now launched a new Revenue Service, bringing together Customs and Excise and Inland Revenue. You very soon will have a Debt Management Office. So you aren't just — you know, the largest single increase in the budget in this year has been the servicing of debt.

[Vollenhoven] Just talking about the budget, and very briefly, why was there such a lot of lip service in the budget to job creation — which is, after all, an extremely important aspect of development — and no clear plan of how we are going to create jobs?

[Manuel] You see, jobs are going to be created by the private sector. They're not going to be created by government. There was a commitment in the budget speech to a supply-side package that would try and attract more investment into job creating areas. Further work is being done on that area as well.

[Vollenhoven] Trevor, is this portfolio going to change you, or are you going to change the nature of the job?

[Manuel] A bit of both, hopefully. You know, the portfolio is new, but working in this area is not entirely new. I remember in about 1993 visiting the annual IMF meetings. I've done so since 1991. I've been kind of in the loop. There was very wide speculation in the IMF daily newspaper at the meetings, at this juxtaposition of Derek Keys and Trevor Manuel, the then minister and his successor as minister of finance. So I don't know too much about the shocks and so on. Of course, there was a break in continuity, because I focussed more on trade and industry matters. Now we have to knuckle down. It's an enormous task. It certainly is big. We need departments of revenue service, finance, and state expenditure that can carry this. We need a relationship with the provinces. But I think we need to bring this kind of work into, firstly, a political context, and secondly, one of the objectives that I would set for myself is to bring the issues to a level where ordinary people can understand, because you know, this thing about the rand dancing up and down is not about some magical powers, it's about the absence of communication, it's about the mystique that economists create about the tools of their trade.

[Vollenhoven] Tell me what you felt when you were told, for the first time — the president let you know

that you, Trevor Manuel, are going to be minister of finance. What was going through your head? I mean, you know, apart from all the political stuff?

[Manuel] My first words to the president were: You know, I've still got so much unfinished business in trade and industry; let me complete it. And he said: No, I'd given Chris my word, this is the time frame — it was six months before the date. And, you know, you run your life pretty much on carpe diem, seize the day; it's there. It's an offer, you'd better knuckle down and do it. So I called up Chris Liebenberg, had our first meeting, and had many meetings between that point and 28 March, when the announcement was ultimately made.

[Vollenhoven] You quite rightly said that you'd like to bring finance into the realm of everyday understanding. If you were asked now what kind of optimism can you offer to the people out there, what kind of hope can you give them, despite all of this bad news about a falling rand and rising prices, which is very real in their lives, what would you say to them?

[Manuel] The first point to make is that the fall of the currency is not unique to South Africa...

[Vollenhoven, interrupting] But rising prices are where they feel it.

[Manuel] Oh, sure, but the fall of the currency is not unique. I mean, in the first quarter of last year, the dollar fell, the U.S. dollar fell against the yen by about 25 percent. The pound sterling fell in 1992 against the dollar by about the same amount. These are matters that affect the entire world. We're not unique. There's a psyche that says: strong rugby team, strong Bafana [boys] Bafana [national soccer team], strong cricket team, strong currency, but there is a definite silver lining in respect of job creation, in respect of exports, and that's what we must focus on. Too many employers in this country are crying about GEIS [General Export Incentive Scheme] but the GEIS that was taken away has been doubled by the advantages of a weaker rand. We should be employing substantially more people. More people and employment means more pay packets and then you can stretch it.

[Vollenhoven] But what are you saying to the housewives out there who are struggling just to buy enough food for their families?

[Manuel] I think the interest rate hike is very unfortunate in those circumstances. One would have liked to have avoided it. It wasn't my call. It was the call of the governor, Dr. Stals.

[Vollenhoven] Is there tension between your call and his call?

[Manuel] No, there's no tension. I think we are both in agreement that if it could have been avoided it would have. It wasn't possible to do so because of the run on the currency now.

[Vollenhoven] So are you saying that the prices of everything will go up but there's really nothing we could have done?

[Manuel] No, I'm saying that the fundamentals are sound, are very, very sound. This is going to be a little blip. In respect of what we do and how we do it, our focus remains to improve on the quality of life of the people of this country. That's all I have to do — to put things together to shape such policies which ultimately will provide a better life for all. Now, you need a bit of luck. Luck ran against us on the currency with our coming into office but we will correct it. I have no doubt. What I'm sad about is the number of South Africans, who should know otherwise, who are talking the currency down. I don't know if its linked into the local government elections on 25 May but too many South Africans are talking the currency down and I don't think that's helping confidence in general.

[Vollenhoven] Just very briefly, we are running out of time. Johnny Issel says you're the right man for the job. Why do you, Trevor Manuel, think you're the right man for the job?

[Manuel] I think that the president had given me an earlier opportunity to head the ANC's economics department. There's a track record there that speaks for itself, but more importantly with the background that I have I can't afford to fail. Too many people will be let down. I can't afford to fail.

[Vollenhoven] Trevor Manuel, thank you very much for coming onto Focus on Sunday tonight.

[Manuel] Thank you, Sylvia. It was most pleasant.

South Africa: Trade Minister — No 'Rush' on New Competition Policy

MB2105153496 Johannesburg SAPA in English 1451 GMT 21 May 96

[FBIS Transcribed Text] CAPE TOWN May 21 SAPA — The government would not rush in with a new competition policy, Trade and Industry Minister Alec Erwin said on Tuesday.

"As I have indicated to business leaders, the government will approach this complex matter in a responsible manner," he said in a statement. No amount of lobbying through the press and elsewhere would influence the outcome. "An effective body of competition law is

increasingly important for improving the overall performance and efficiency of any economy and for creating a consumer friendly society.

"No useful blueprint for this exists and the government will consult with all interested parties ... to achieve the best and most effective outcome."

Having had the opportunity to acquaint himself with progress made in developing new competition laws, the process agreed to in Nedlac [National Economic Development and Labor Council] by his predecessor Trevor Manuel would continue, Erwin said.

Dr Pierre Brooks had agreed to remain Competition Board chairman and his position would be reconsidered once the legislative review had been completed. Up to four other people would soon be appointed to the board to fill vacancies.

South Africa: Labor Minister — Expect Equal Employment Legislation

MB0405185796 Johannesburg BEELD (BUSINESS BEELD Supplement) in Afrikaans 2 May 96 p S1

[FBIS Translated Text] South Africa will definitely get legislation on equal employment, which will stop all racism in the workplace and remove the wage gap which was brought on by apartheid, Labor Minister Tito Mboweni said yesterday. "Legislation is necessary, because without it people will never change," he told a COSATU [Congress of South African Trade Unions] Workers' Day rally in Pretoria.

He said the government is also considering amendments to the Insolvency Act so that workers can, along with other creditors, stake a claim to the assets of liquidated companies. In addition, the Basic Service Conditions Act will be amended within six months. "The time has come for our people to enjoy the fruits of freedom and democracy," Mr. Mboweni said.

He added that those who demand that the ANC and the government distance themselves from the trade union movement and the South African Communist Party do not understand what the new South Africa is about. "You do not understand who we are, and where we come from. The workers in COSATU are also ANC members. They joined trade unions in order to fight over matters affecting workers. The alliance between the ANC and COSATU is organic — one cannot separate the two," Mr. Mboweni said.

The business sector, which sees itself as a junior partner in the restructuring and development of the country, must prepare itself for a total transformation of the economy. Businessmen believe they can block this, just as they blocked the trade union movement for years. "But you have met your match in the ANC. If you want to be the junior partner, you must be committed to the Reconstruction and Development Program, and you will have to learn to treat workers like human beings. The partnership will have to be an effective one," he said.

South Africa: Reserve Bank Chief Urges Government To Cut Expenditure

MB0405184096 Johannesburg BEELD (BUSINESS BEELD Supplement) in Afrikaans 2 May 96 p S1

[FBIS Translated Text] The government must make an effort to reduce its expenditure because high government expenditure, together with the drop in the rand's value, could boost inflation. This was said by Reserve Bank Governor Chris Stals in an interview with BUSINESS BEELD yesterday.

Dr. Stals said he is not very optimistic that the government will succeed, but it is important that its spending pattern be brought into line with that of the private sector. The latter will have no alternative but to reduce its expenditure, as certain imported products will simply be too costly, due to the devalued rand.

Dr. Stals said he does not expect the weaker rand to seriously hurt the current economic growth rate, but it could have a strong impact on next year's growth. According to him, the weaker rand will actually stimulate production in the manufacturing sector, as the prices of manufactured products will be more competitive on local and international markets. Mining and agricultural production will also increase, the latter due in part to the good rains.

By contrast, private sector spending will decrease, as a result of increased costs of credit and of imported products. The effect of lower private spending will only be felt next year, when it could have a serious impact on production and economic growth.

Dr. Stals said a remark he made earlier this week about the inflation rate was misinterpreted in certain circles as meaning that inflation could rise to 10 percent this year.

"If we don't do anything to control inflation, the prices of certain products could rise by 3 percentage points which, according to some, could lead to the inflation rate rising to about 10 percent. We will, of course, try to curb inflation; the application of monetary policy is aimed at dampening demand, which in turn ought to reduce the upward pressure of prices."

Dr. Stals said the Reserve Bank would not have increased the bank rate last week had the rand not weakened so much. According to him, the outflow of money from the country on the current account over the

past 12 months has averaged about one billion rands a month. In addition, there was also a net outflow from the capital account of 1.8 billion rands in the first 21 days of last month.

Reacting to criticism by some economists that he ought to have increased the bank rate by three percentage points to bring the rand crisis decisively under control, Dr. Stals said that that alternative had been considered, but its effect on the economy would have been too severe.

South Africa: Reserve Bank — Rand's Drop To Create 6 Billion-Rand 'Bonus'

MB0205191396 Johannesburg SABC 3 Television Network in English 1830 GMT 2 May 96

[From the "Business Day Tonight" program]

[FBIS Transcribed Text] The rand's fall will bring about a 6 billion-rand bonus to the balance of payments this year, says the Reserve Bank, and its calculations show there's another 7 billion windfall in the pipeline next year. Of course there's a catch. Workers will have to accept downward pressure on real wages caused by the depreciation, the bank says.

South Africa: Article Calls Government Spending 'Exhorbitant,' 'Absurd'

MB0405150796 Pretoria DIE AFRIKANER in Afrikaans 19-25 Apr 96 p 3

[Report by Johan Basson]

[FBIS Translated Excerpt] South Africa is wasting money at such a high rate on all sorts of futile projects and overpaying officials in high government posts, that the elasticity of the economy will soon not be able to accommodate it any longer. Astronomical amounts are being squandered and the poor taxpayer has to foot the bill. Among the projects in question are the following [all amounts in rands]:

— 150 million for the Tutu Commission [Reconciliation and Truth Commission] during the past two years.

— 1.6 million for salaries of only 11 members of the Justice Commission. The commission costs 6.436 million a year to run and it is anticipated that the amount will rise to 12.754 in 1997/98.

— Thirty officials of the ANCBC [AFRIKANER nickname for the SABC, South African Broadcasting Corporation] earn more than 250,000 each, a year, and more than 150 earn more than 120,000 a year.

The following members of the Reconciliation and Truth Commission will be paid as follows: Desmond Tutu, 24,350 per month — the same as a supreme court judge president; Alex Boraine 23,985 a month. Ordinary members such as Advocate Chris de Jager receive 23,750 per month. Added to these figures are allowances given to them for being away from their headquarters.

Human Rights Commission members are paid as follows: Chairman 183,432 a year, ordinary members 142,731 a year, plus automobile and travelling allowances.

ANCBC Group Chief Zwelakhe Sisulu receives 460,000 a year, excluding fringe benefits; Gert Claassen, executive officer of the ANCBC gets 370,000 a year, approximately 500,000 including fringe benefits; Govan Reddy, chief executive officer of radio ANCBC, 350,000 a year, about 450,000 with fringe benefits. [passage omitted]

At the Independent Broadcasting Authority [IBA] the salaries are just as exorbitant. IBA Chairman Peter de Klerk receives 411,000 a year; IBA Deputy Chairman Sebilitso Matebane, 411,520 a year; IBA council members 320,000 annually; IBA Coordinating Chief Amos Vilakazi, 200,000; Librarian Ruth Miller, 160,000 a year.

In addition to their salaries, they receive further amounts of 68,893 and 51,804 respectively for car allowances.

Added to all these exorbitant salaries is the cost to maintain the infrastructures of these organizations. The Tutu Commission's expenditure amounts to 4 million a year for the hiring of buildings alone! The rental on their building in Adderley Street, Cape Town, is 1.8 million a year. The 150 million total cost for the commission over a two year period is simply absurd. [passage omitted]

South Africa: Authorities Reviewing Use of Oil Storage Facilities

MB1705091396 Johannesburg BEELD (BUSINESS BEELD Supplement) in Afrikaans 14 May 96 p S2

[FBIS Translated Text] The oil storage facility in disused mine shafts at Ogies in Mpumalanga Province could be closed down if South Africa's total oil reserves can be stored at Saldanha. This was stated yesterday by Central Energy Fund [CEF] Chairman Dr. Roy Pithey, during the debate on the Mineral and Energy Affairs budget.

At present the intention is to reduce the country's oil stocks to 35 million barrels, of which 25 million will be stored at Saldanha, and 10 million at Ogies. However, there has been an increase in demand for fuel in South Africa, and if the government wants to maintain a three-month reserve, the figures will have to be adjusted accordingly.

The CEF is still studying the commercial use of these facilities. If it is found that the total oil reserves can be stored cost effectively at Saldanha, the Ogies facility will be closed down, Dr. Pithey said.

South Africa: Country Losing 1.5 Billion Rands Yearly via Gold Smuggling

MB1005175696 Johannesburg BEELD (BUSINESS BEELD) in Afrikaans 9 May 96 p S4

[FBIS Translated Excerpt] Gold smugglers, who yearly rob the country of 20 tonnes of gold with a value of 1.5 billion rands, have infiltrated every mine in South Africa.

Gold bar smuggling has escalated sharply in the last three to four years as affluent South Africans, after losing confidence in the country's economy, try to get money abroad, says the South African Police Service.

Smugglers send gold by plane or ship to lucrative European and Eastern black markets. In this way the country's gold industry is being deprived of valuable income, says Willem Minnaar, director of the Organized Crime Unit.

Moonlight flights across borders, ships that offload their cargo at night, fraudulent documents, and Swiss accounts are a very real part of the smuggling industry, he added.

"The smugglers have thieves in every mine. There are now seven big diamond and gold syndicates operating," he said in his office in a Johannesburg building without a name or street number.

"It is very well organized and escalating. We lose approximately 1.5 billion rands in gold a year. About 400 kilograms is stolen weekly." [passage omitted]

South Africa: Report Shows 11 Percent Drop in Fishing Catch

MB1605190396 Johannesburg SAPA in English 1839 GMT 16 May 96

[FBIS Transcribed Text] PARLIAMENT May 16 SAPA — The total South African fishing catch in 1994 amounted to 543,925 [metric] tons, 11 percent lower than in 1993, according to the 1994/95 annual report of the Department of Environment Affairs and Tourism.

Yet total potential wholesale earnings were 19 percent higher at R1,418 million [rands], and overall value per [metric] ton landed was a third more at R2,608, the report tabled in Parliament on Thursday says. The catch was the lowest since 1991, but both the wholesale value and the value per [metric] ton were at record levels.

The landings of the two largest fishing sectors, pelagic and demersal, were 12 percent lower, but both gained better prices for their products resulting in improved earnings. Pelagic earnings were down because of a decreased Total Allowable Catch (TAC) set for anchovy. However, the TAC for pilchard [sardines] was raised, leading to a near doubling of canned production, 95 percent consisting of pilchard. The continued decrease in demersal landings was due to lower landings of the important by-catch species — snoek, buttersnoek and horse mackerel.

However, both the TAC and the catch of Cape hake, the most important species, increased over 1993, the report said. Handline catches improved to the 1992 level because of a better snoek season, but in the albacore fishery the catch and earnings were lower. Chokka squid jigging maintained good catches and prices.

Mussel and oyster culture and oyster collection resumed their upward curve and earnings increased more than production. The rock- lobster and abalone fisheries had 22 and 64 percent higher earnings from harvests similar to the previous season, according to the report.

South Africa: Ministry Releases Gross Financing Figures

MB1605174496 Johannesburg SAPA in English 1707 GMT 16 May 96

[FBIS Transcribed Text] JOHANNESBURG May 16 SAPA — The difference between government receipts and issues on the exchequer account amounted to R3.543-billion [rands] for April, with issues up 15.6 percent on the same month last year, and receipts 18.2 percent higher than last year.

Figures released by the Finance Department director-general Thursday show total exchequer issues during April amounted to R15.602-billion (of the budgeted R173.659-billion), 15.6 percent higher than issues during the same month last year of R13.493-billion. Exchequer receipts were 18.2 percent higher at R12.059-billion compared to R10.2-billion during April last year. The receipts collected so far represented 8.32 percent of the annual budgeted R144.857-billion.

The statement said the overall exchequer balance on April 30 was R2.826-billion, but if balances in the Tax and Loan Accounts were included, the figure was R10.21-billion.

The director-general said the actual budget deficit for the 1995/96 financial year was understated slightly when amended figures were released last month. The difference between receipts and issues amounted to R27.738-billion compared to the R27.481-billion reported in

April. The deficit to GDP ratio remained the same at 5.5 percent.

Gross financing of R6.626-billion, or 14.6 percent of the annual budgeted figure of R45.105-billion was raised in the first month of the 1996/97 financial year. The statement said the R6.626-billion was made up of the sale of R3.615-billion in government stock and bonds and R3.011-billion in short-term loans.

South Africa: Fraud Eating Up 10 Percent of Social Security Funds

MB1605145196 Johannesburg SAPA in English 1423 GMT 16 May 96

[FBIS Transcribed Text] NATIONAL ASSEMBLY May 16 SAPA — It was estimated that fraud, theft and inefficiencies in South Africa's social security system absorbed up to 10 percent of the national social security budget, Welfare and Population Development Minister Patrick McKenzie said on Thursday.

Introducing debate on his first budget vote, McKenzie, who steps down from the Cabinet at the end of next month along with his National Party colleagues, said initiatives his department had instituted to counteract this included:

— Restructuring social security; and

— Implementing the Social Assistance Act of 1992. The most important change to its regulations was the new formula for the Means Test. Stricter and equal application of the national test was expected to save the social security system millions of rand [R] and would ensure more effective targeting at the poor.

Restructuring the social security system, implementing national framework legislation and amalgamating the various systems into a uniform system would result in substantial savings.

Already, 14,629 names were being removed from the social pensions system after it had been found that the beneficiaries were deceased. If all these grants were stopped, it would mean a saving of R72 million for this financial year.

McKenzie said provinces were progressively reporting more savings through the elimination of fraud. "We are committed to putting in place an efficient, effective and fraud-free social security system in the coming year. I wish to call on the public to assist us in achieving this goal."

South Africa: Thebe Investment Establishes New Industrial Group

MB1705110996 Johannesburg BEELD (BUSINESS BEELD Supplement) in Afrikaans 15 May 96 p S1

[FBIS Translated Text] At a function in Rosebank, the Thebe Investment Corporation last night announced a new industrial control group. The group is to be known as Vuna Industrial Holdings, with Mr. Yaseen Bhayat as its chief executive officer.

The new group represents five sectors of the economy, namely telecommunications, information technology, real estate, education, and health delivery. Vuna means harvest in the Nguni language.

The group's goal is to bring about black economic upliftment, but it also has a responsibility towards its shareholders to produce a profit on their investments, said Mr. Bhayat.

South Africa: Sales of Unleaded Gasoline Increase

MB2105135196 Johannesburg SAPA in English 1310 GMT 21 May 96

[FBIS Transcribed Text] JOHANNESBURG May 21 SAPA — The market share of unleaded petrol increased by 1.7 percent in March to 8.4 percent of the total volume of petrol sold during the month, Central Statistical Service figures show.

A statement Tuesday said the wholesale trade sales of unleaded petrol during March amounted to 70,171 kilolitres, which was 8.4 percent of the total petrol sold. Total wholesale trade sales of petrol and automotive diesel oil increased by 6 percent and 3.3 percent respectively in the first three months of the year compared with the same period last year.

South Africa: State To Cut 100,000 Public Service Jobs by June 1997

MB2105124896 Johannesburg THE STAR in English 21 May 96 pp 1, 2

[Report by Justice Malala]

[FBIS Transcribed Text] The Government will cut about 100,000 posts in the 1.2 million-person public service by June next year by offering workers severance packages.

Speaking in Midrand yesterday, Public Service and Administration Minister Dr Zola Skweyiya said more than 300,000 jobs would be cut in the next three years to bring the total workforce to the calculated 900,000 needed to provide an efficient service.

Skweyiya said the 100,000 jobs would be cut by abolishing more than 55,000 posts already vacant, and the

rest would be people applying for the voluntary severance package. "We need to right- size the public service as much as possible. Obviously not all departments need to be cut, because we need more policemen, more nurses and more science and mathematics teachers," Skweyiya said.

The public service has been criticised for its bloatedness and lack of efficiency, and the trimming is part of the bid to solve the problem.

The severance package was finalised in this year's annual wage negotiations, in which workers received pay rises of between 7.5 and 44%. The package allows those who are 55 or older and have at least 10 years' service to get a lump sum and their pension benefits. The lump sum is calculated as the sum of a worker's final average annual salary plus their pensionable service divided by 100.

Skweyiya said, however, there should be no fear that National Party members would be the first to go. "Those people were appointed as public servants and not as party officials. There may be uncertainty about people in situations like those in the office of (Deputy President) F W de Klerk, for example, because we will not have his position anymore, but people in the rest of the public service have their jobs assured," he said.

A departmental spokesman said it was still not known how many would come forward for the severance package immediately, as notification had been sent to workers only recently.

"The package is cheaper for the state and assuages workers' insecurity about their jobs. There is a tremendous amount of interest in it," he said.

Skweyiya said most of those who could go were the ones who could sell their skills outside the service. "We want to keep as many of these skilled people as possible and will negotiate with each one if they want to leave," he said.

Skweyiya said with regard to the setting of targets and as part of the budgetary process and the object of efficient service delivery that the Cabinet would once a year formally note the size of the public service at that stage, and determine what the size of the service should be at the end of the following financial year.

Skweyiya said the interim constitution entrenched the need for rationalisation of the public service, but political implications for the ANC delayed the implementation of cuts soon after the national elections.

When local government elections loomed last year, the decision was also held back, he added. The ministry intends to have a 50% black workforce by 1999, 30% of whom should be women in managerial positions.

South Africa: 'Master Plan' Under Way To Upgrade Johannesburg Airport

MB2005182296 Johannesburg BEELD in Afrikaans 17 May 96 p 7

[Report by Sarah Uys]

[FBIS Translated Text] Millions of rands are being spent on revamping and extending Johannesburg International Airport to enable it to live up to its name as an international airport.

Preparations for unprecedented future growth in the number of passengers using the airport are under way, and a "master plan," which could stretch into the year 2030, is ready as well.

The plan is to be carried out in three phases. Approximately 600 million rands will be spent within the next five years to give the airport a new look by 2001. It is predicted that by 2030, 40 million people will visit the airport annually.

The managing director of the airports' company said yesterday in Johannesburg during the launching of the "master plan" that the company could succeed this year in converting last year's loss of 58 million rands through an anticipated profit of 143 million rands before taxes.

As part of the plan, the next five years will concentrate on services, property development, and small business to "make shopping at the airport a more exciting option."

Pertaining to domestic traffic, emphasis will be on luggage handling. The domestic and foreign arrival and departure halls, currently stretched to their limits in coping with traffic jams, are being renovated and enlarged. Parking facilities are being extended, and runways lengthened. Surrounding areas also will be involved in the developments.

The plan also will ensure that disruption to the current flow of passengers is kept to a minimum.

South Africa: New Coins To Reflect 11 Official Languages

MB1805194196 Johannesburg THE STAR in English 18 May 96 p 3

[FBIS Transcribed Text] New multi-language coins will in the next few months better reflect South Africa's diversity.

The words "South Africa" in the 11 official languages are spread over all nine denominations of coins, ranging

from the 1c to R5 [rand] coin. A series of proof quality coins, minted yesterday will be available to the public at the end of this month.

About 45,000 sets, which include hand-handled, brilliant and uncirculated coins, are in the process of being minted. These, especially the hand-handled kind, are sought after and often land in the pockets of numismatists.

On reviewing the country's coinage at the end of last year, the Cabinet decided to change the language on the coinage, which had previously been only in English and Afrikaans. The largest denomination coin, R5, and the smallest the 1c will display "Iningizimu Afrika" — "South Africa" in Zulu, SiSwati and Ndebele. The 10c coin is in English and the R1 in Afrikaans.

The size of the print on the coins also becomes smaller, but the shape and image remain the same.

SA [South Africa] Mint marketing and sales manager Albert Venter says the new coins will be in circulation by the end of this year.

South Africa: Company Announces Promising Oil Tests off Angolan Coast

MB2005110696 Johannesburg SAPA in English 1049 GMT 20 May 96

[FBIS Transcribed Text] Cape Town May 20 SAPA — More than 9,000 barrels of light crude oil per day were yielded from the Espadarte North 1 well on Block 2/92 off the Angolan coast during initial tests conducted in May, Energy Africa announced on Monday.

Total Angola operates the block on behalf of a partnership comprising Total (40 percent), the Angolan national oil company Sonangol (25 percent), South Korea based Daewoo (18.75 percent) and Pedco (6.25 percent), and South Africa's Energy Africa (10 percent), the South African based oil and gas exploration and production group which listed on the Johannesburg and Luxembourg Stock Exchanges earlier this year, said in a statement.

In Angola, Energy Africa also own a 15 percent interest in Block 1 and will be the operator, with a 50 percent interest, of Block 7 pending formal government approval.

MD [managing director] John Bentley said Energy Africa was pleased to have made this discovery only six months after farming-in. "Another well will be spudded on the block this week and two more are planned for later this year. This is an exciting discovery for Energy Africa which reinforces our confidence in the highly prospective Western African region, where the group's exploration activity is primarily focused," Bentley said.

South Africa: Namibia's Nujoma Spells Out Incentives To Attract Investors

MB1505131496 Johannesburg SAPA in English 1248 GMT 15 May 96

[Report by Gordon Bell]

[FBIS Transcribed Text] Johannesburg May 15 SAPA — Namibian President Sam Nujoma spelt out a list of incentives on Wednesday to attract South African investors to Namibia.

Speaking at the opening of the Namibia Trade and Investment seminar in Johannesburg, Nujoma said given the close institutional and economic relationship between the two countries, it was natural that Namibia should look to South Africa for capital, technology and managerial skills.

He said South Africa accounted for approximately 80 percent of Namibia's imports and about 35 percent of its exports, reflecting the strong presence of the South African private sector in the Namibian economy.

Nujoma said the Namibian government had embarked on a "new era of economic reconstruction and development" based on the strategy of economic diversification.

The economy would shift away from its traditional reliance on the production and export of unprocessed minerals, beef and fish and would target manufacturing, tourism, transhipment and energy.

"Our strategy is now based on export-driven industrial development," he said.

Nujoma extended an invitation to the South African tourism industry to set up facilities that would develop Namibia as an international tourist destination.

The government was looking to encourage private operators to establish new lodging and catering facilities around Namibia's tourist attractions.

Nujoma also called on South African to invest in the development of Namibia's two large electricity projects, the EPUPA hydro-electric power plant and the Kudu Gas Fields project. He said the two sources of energy had the potential to generate sufficient power for the country's domestic requirements and for exports to South Africa, Botswana and Zimbabwe.

Nujoma said the Namibian government had developed a package of incentives to give the country a distinct competitive advantage over other developing countries.

Foreign investors in Namibia were guaranteed the right to repatriate their capital and profits, as well as against the expropriation of their assets by the government.

The government had also put in place Export Processing Zones in which companies were exempt from corporate income taxes, customs duties, sales taxes, transfer taxes and stamp duties.

Manufacturers seeking to produce primarily for the Southern African Customs Union market qualified for further incentives, including direct wage deductions of 125 percent of costs, the reimbursement of costs of appoved industrial studies up to 50 percent and training cost deductions of 125 percent of costs.

Nujoma added that Namibia received preferential market access to the European market via the Lome Convention and to the North American markets through the generalised system of preferences.

"Taken together, these various incentives make Namibia a good investment location for South African and other investors," he said.

Nujoma said the Namibian government published its first five-year National Development Plan last year, which aimed to stimulate economic growth to reduce poverty and create jobs.

President Nujoma was visiting South Africa on his first official State Visit since Namibia's independence in 1990.

South Africa: Germany Pledges 3 Million Marks To Aid Education

MB2005150296 Johannesburg SAPA in English 1451 GMT 20 May 96

[FBIS Transcribed Text] CAPE TOWN May 20 SAPA — The German government on Monday pledged DM3 million [deutschemarks] to solve the school crisis in the Western Cape, the German Embassy said in a statement on Monday.

This comes on the eve of President Nelson Mandela's three-day state visit to Germany on Tuesday. Chancellor Helmut Kohl pledged the money for the retraining of teachers and similar projects. In a letter to Mandela, Kohl said the money was made available in addition to technical and financial co-operation envisaged for the year. The application of the funds should be discussed during the inter-governmental consultations in June this year, Kohl suggested in his letter.

South Africa: Germany To Assist Small Businesses, Education

MB2105175296 Johannesburg SAfm Radio Network in English 1600 GMT 21 May 96

[FBIS Transcribed Text] It's reported from Bonn that a 100 million rand loan by German business to promote small enterprise in South Africa will be signed tomorrow.

The German Development Association says in a statement the credit line will be made available to the Industrial Development Corporation in South Africa. The signing of the loan coincides with the state visit by President Nelson Mandela to Germany.

Meanwhile, the German Government has pledged more than 8 million rands to South Africa after an appeal by President Mandela for assistance in resolving the crisis in schools. German Embassy spokesperson (Jota Volker) says Chancellor Helmut Kohl has pledged 3 million German marks for various projects, including the retraining of teachers, to resolve the crisis in the Western Cape. President Mandela recently said he'd approached 21 heads of state, including Chancellor Kohl, to raise the 600 million rands needed to finance severance packages for teachers.

South Africa: Japanese Loans Called 'Vote of Confidence' in Economy

MB0105142796 Johannesburg THE STAR (Business Supplement) in English 1 May 96 p 13

[Report by James Lamont]

[FBIS Transcribed Text] Johannesburg — South Africa's beleaguered economic authorities were given a timely vote of confidence yesterday by Yukihiko Ikeda, Japan's foreign minister.

He said the South African economy was in good shape and the correct economic fundamentals were in place.

At a signing ceremony for the first concessionary loan by a member of the international community to the government, Ikeda said: "The world is looking at your country with wonder because you have developed socially and economically in such a short time."

Yoshizo Komishi, the Japanese ambassador to Pretoria, said if the government offered increased investment incentives, he "was quite sure there will be more investment from Japan".

Ikeda signed an exchange of notes with Trevor Manuel, the finance minister, for about R330,000 [rands] worth of loans to two development projects.

The projects are the first parts of about R1.3 billion in official development assistance to South Africa over two years.

The finance department will receive a loan of about R130,000 for the water affairs department to implement the KwaNdebele Region Water Augmentation Project. The loan, over a 25 years and with a seven-year grace period, carried a concessional interest rate.

The second loan, with the same conditions, of about R200,000 to the Development Bank of Southern Africa was for the implementation of a rural social infrastructure programme to finance water supply and sanitation projects for disadvantaged communities.

Ikeda said he would like to see foreign direct investment from Japan following his government's commitment to development in southern Africa. However, Ikeda said "the question of whether investment will follow depends on how the Japanese businessman sees the investment climate". He said a tax treaty between Japan and South Africa and more attractive investment incentives would help.

Komishi said eight Japanese companies, including Nissan and Sony, had invested in South Africa since 1993. He said initial investments had been in the processing of rare metals, but that this was shifting towards the manufacturing industry.

The assistance is part of a larger package of about R5.75 billion, which makes Japan South Africa's biggest donor.

The package consists of loans from the Japan Export-Import Bank of R2.2 billion; trade credits of R2.2 billion; concessional loans of R1.1 billion; and grants and technical assistance of R128 million.

South Africa: Switzerland Donates 4.8 Million Rands for Education

MB1505145296 Johannesburg SAPA in English 1347 GMT 15 May 96

[FBIS Transcribed Text] CAPE TOWN May 15 SAPA — The Swiss government is to donate R4.8 million [rands] to help establish an emergency financial aid scheme for disadvantaged South African students.

The agreement was signed by Education Minister Sibusiso Bengu and the Swiss Ambassador to South Africa Robert Mayor, on Wednesday. Bengu said the support would go a long way to improving the access of disadvantaged South African students to higher education.

While the overall distribution of funds for bursaries and loans would be determined by the ministry, the Swiss government had stipulated that at least 50 percent had to be for women students, Bengu said. It was a sound investment in the future of the country and would assist in developing the potential of the youth.

South Africa: Canada Donates $3.5 Million for Information Companies

MB1405194796 Johannesburg SAPA in English 1854 GMT 14 May 96

[FBIS Transcribed Text] JOHANNESBURG SAPA May 14 — The Canadian International Development Agency will provide CD3.5 million dollars [Canadian dollars] over the next three years to help South African information companies become more competitive and profitable, Canada's Minister for International Co-operation Pierre Pettigrew announced on Tuesday.

This was just one of the initiatives announced by Canada at the Information Society and Development Conference [ISAD] at Midrand north of Johannesburg this week. Canada's International Development Research Centre (IDRC) will be working with the Canadian International Development Agency (CIDA) to help South Africa manage telecommunications in a way that balances business requirements with the needs of the community.

SchoolNet, an electronic information network which links schools across Canada, is pursuing an agreement with South Africa to connect South African schools to the internet. This would allow for a mutually beneficial exchange of ideas, Pettigrew said.

He said the potential of information technologies would remain untapped unless there was universal access. "Canada believed in providing balanced development of infrastructure and content in the fast-growing global information society. Now we have to put our words into action."

Pettigrew congratulated Teleglobe and the international telecommunication carriers of the G7 nations on the successful interconnection of their highspeed broadband networks. This Canadian-led project, called the Global Interoperability for Broadband Networks (GIBN), was one of 11 pilot projects to be launched at the G7 meeting in Brussels earlier in the year. "Canada, as co-leader of this G7-initiated project, has been instrumental in bring the public and private sector together to make it a reality," Pettigrew said.

He praised the Canadian hi-technology firms participating in the ISAD conference and exhibition. "The challenge of building a global information society that works for everyone rests, to a large extent, on the shoulders of the private sector," he said. "Governments will set the policy and regulatory framework, but the private companies will build the systems."

A new global network service, WETV, a partnership venture created by a consortium of international agencies to present programmes which will reflect cultural diversity, will be launched in June. Arthur Campeau, CEO of affiliated WETV Program Corporation, said the network would be available in Africa thanks to the efforts of broadcasters in Ghana, Kenya, Tanzania, Uganda, Zimbabwe and South Africa.

Swaziland

Swaziland: Japan To Sponsor 24 Million Emalangeni Water Project

MB1805161596 Mbabane WEEKEND OBSERVER in English 18-19 May 96 p 2

[Report by Sifiso Simelane]

[FBIS Transcribed Text] The Government of Japan has pledged to finance a E24 million [emalangeni] water programme directed to rural areas in all the four regions of the country.

Minister for Natural Resources and Energy, Mr Absalom Dlamini, said the programme is to be carried through his Ministry. This was during his visit yesterday at Ekukhanyeni with a Japanese delegation comprising the Resident Manager in the country, Mr Hoshikawa, and Takasawu Construction Manager, Mr Marubeni, to inspect progress of a water supply programme in the area which is part of the 24 million programme.

This assistance is in the form of cash, equipment and labour expenses. The government of Japan has gone a step further in not only providing these inputs, but also providing labour in the form of running a contractor.

About 67,000 people are expected to benefit from the Japanese assistance which would include the provision of employment opportunities to local people where the projects are to take place. These projects are also expected to help in the transfer of technology and skills for operation and maintenance of the equipment and projects to our local people.

Under this rural water supply programme there will be four macro schemes serving 3 communities and seventy five micro schemes (handpumps) serving 34 communities. These communities include Mgwazini, Bhekikhosi, Mbekelweni, Ludzeludze, Emsindza, Sihhoye, Emnjoli and Manzana in the Manzini region. Communities in the Hhohho region are Msumpe Zinyane and Mcuba. In the Shiselweni region, the communities are Somntongo Bambitje, Sigwe, Kathumbela and Ngamudze, while in the Lubombo Region are Lomvo, Vimbabelungu, Shewula and Matjemadze.

The project will be in two phases running between 1996 and 1997.

Phase 1 of the programme, which is expected to start early next month would cover the construction of Ngwuini/Bhekinkhosi project.

Swaziland: South African Mining Firm in Maloma Colliery Joint Venture

MB1705091496 Mbabane THE TIMES OF SWAZILAND in English 17 May 96 p 10

[Report by Banele Ginindza]

[FBIS Transcribed Text] Mbabane — An American company is reported to be taking over the Maloma Colliery in a joint venture with Tibiyo Taka Ngwane [Swazi National Development Agency].

The joint venture which is still being finalised, will result in a capital injection for Maloma, Commissioner of Mines in the Department of Geological surveys and Mines, Aaron Vilakati told Business Times this week.

Maloma is this year scheduled to start on underground mining and is likely to double its production. "Some financial injection will be made," Vilakati said.

He would not name Tibiyo's new partner in the joint venture or how much capital injection will be made. According to informed sources, the new partner is Koch South Africa, an international mining giant originally from America. Vilakati said the new company has already moved on site and has started working on the mine.

Government Mining Engineer, Clarence Russell also confirmed that Maloma is to embark on underground mining after exhausting surface deposits with open cast mining. He said the under ground mining offers more deposits in given areas, which makes it possible for Maloma to double its production levels. "It is cheaper to produce underground, there are more sections likely to give more coal," he said.

Koch SA's activities include materials handling, environmental processes, systems integration, project management, personnel training and development and engineering. It boasts local expertise in the Southern African region and is linked to a global network. It has made inroads into numerous African countries and even further abroad. It is presently involved in projects in Argentina, Botswana, Israel, Jordan, Mozambique, Portugal, Taiwan and Zimbabwe.

Zambia

Zambia: Economist — Country 'Most Expensive' in Southern Africa

MB1005094196 Lusaka THE POST in English 10 May 96

[Report by economist Munachonga Hoki Chipewo: "Zambia Is Most Expensive Country" — received via Internet]

[FBIS Transcribed Excerpt] The observation and analysis of prices of goods and services and the comparison with what one obtains in other countries identifies Zambia as the most expensive in the region. This is not only ironical but also paradoxical as the per capita and disposal incomes of the citizens are the lowest.

The high price levels over and above the regional thresholds is understandable only to the extent that the majority of our goods sourced from our neighbours, making it impossible for us to be any cheaper than them. However, the disparity in these price levels is so huge that the integrity of a Zambian in the conduct of business is brought into question.

The quest for the introduction of a free market economic system has been with Zambians for a long time. Everyone understood in freedom, man or woman can unleash his or her ingenuity and perform to the best of their ability.

This to a large extent has been achieved, especially in the private and personal sector, which has given rise to the deluge of all sorts of products and services never witnessed for many years in the country.

In the whole of this private sector participation scenario, what is least understood is the fact that the conduct of business in the free market demands greater societal responsibility on the part of the individual participants than even the government. [passage omitted]

The recent survey conducted on pricing revealed that goods costing as little as R25 [rand] in South Africa or K7,500 in Kwacha are selling in Lusaka at K28,000. In another instance, an item that was imported at R150 or K45,000 was selling at K150,000. In terms of markup, these figures are nowhere nearer sanity. Not only that, there is no school anywhere in the world, orthodox or otherwise, that can teach a costing system that would produce percentages in thousands as markup.

This pricing mania therefore is an indication of the unsophistication of the Zambian economy. [passage omitted]

Zambia: Central Bank Governor Confirms Currency Stabilization

MB0605173796 Lusaka THE POST in English 6 May 96

[Report by Chilombo Mwondela; received via Internet]

[FBIS Transcribed Excerpt] The kwacha has now stabilised, assured Bank of Zambia governor Jacob Mwanza at a press briefing last Friday [3 May].

Introducing new kwacka denominations, Mwanza said adverse exchange movements were expected in the first quarter of the year "due to irregularities in certain areas of the financial sector".

"Inflation increased early this year because the demands made on the kwacha went up," Mwanza said. "There were maize imports, companies had to remit dividends, there was a diminishing of stocks on the stock market, and there was also the low ZCCM [Zambia Consolidated Copper Mines] supplies."

However, the governor dismissed any evidence of capital flight. "It is easier to control money movement on the streets, but not money kept by businesses or crooks," Mwanza explained. "The country used to lose US$400 million annually until the economy was liberalised and people realised they could keep their money without the threat of it being grabbed by the government."

Mwanza added: "Exporters are now encouraged to export more because they know they can enjoy the benefits of their forex earnings." The governor also assured that although the free market had its own risks, on the whole it had been proven the world over to be a better system than enforcing restrictions on money movements.

The Kwacha's value rallied slightly at close of business on Friday. It was buying at K1.230 [kwachas] in bureaus around town and selling at K1.260 compared to K1.240 and K1.275 respectively, the week before. [passage omitted]

Zambia: Zimbabwe Agrees on Trade Integration Initiatives

MB0805064096 Lusaka THE POST in English 8 May 96

[Report by Chilombo Mwondela: "Zambia, Zimbabwe Agree on Trade Integration" — received via Internet]

[FBIS Transcribed Text] An initiative integrating trade between Zambia and Zimbabwe has been worked out between trade organisations of the two countries.

The Zambia Association of Chambers of Commerce (ZACCI) and their Zimbabwean counterparts held talks this week to agree on how to effectively integrate trade between the low business Livingstone town in Zambia and the hyper active Victoria Falls town in Zimbabwe.

Speaking at a joint discussion held at Livingstone's Mosi-Oa-Tunya Hotel Intercontinental yesterday, ZACCI chairman David Matongo said the two sides will work to boost cross border investment based on a cooperative agreement between the two countries.

The Zimbabwean delegation was headed by chairman of the Zimbabwe National Chamber of Commerce, Danny Meyer.

The meeting concluded that promotion of local trade between Livingstone and Victoria Falls on the Zimbabwean side should begin immediately.

The Zimbabwean representative would give logistical and operational support to the Livingstone Chamber of Commerce and Industry. The meeting also resolved to stimulate cross border trade by having a trade and investment promotion conference to be held in Lusaka in November 1996.

It was felt that the level of knowledge of business opportunities which exist in the two countries must be improved, and in this regard an immediate step of taking a number of Zambian business men and women to Zimbabwe was initiated.

Zambia: EU Grants 15 Billion Kwacha for Rehabilitation

MB2205140996 Lusaka Zambia National Broadcasting Corporation Network in English 1115 GMT 22 May 96

[FBIS Transcribed Text] The European Union, EU, has given Zambia over 15 billion kwacha for the rehabilitation of feeder roads and support of nongovernmental organizations, NGO's. Of this amount, 14 billion kwacha will be used to repair feeder roads on the Copperbelt and Central Province, while 172 million kwacha will be given to NGO's. The European Union hopes that up to 1,000 km of feeder roads in the Central and Copperbelt Provinces will be upgraded to facilitate smooth transportation of agricultural produce.

Signing on behalf of the European Union, head of the delegation Charles Brook said the money will be utilized properly. On the NGO support facility, Mr. Brook said the initiative must be regarded as a guide phase which will encourage self-help projects.

Signing on behalf of government, National Commission for Development Planning, NCDP, permanent secretary Irene Kamanga, said the plans will promote decentralization in Zambia.

Zimbabwe

Zimbabwe: Mugabe Denies Government Broke, Using Drought Funds

MB0905162896 Johannesburg SAPA in English 1414 GMT 9 May 96

[FBIS Transcribed Text] HARARE May 9 SAPA — Zimbabwe President Robert Mugabe on Thursday denied his government was using drought relief funds and social security money to operate, ZIANA [ZIMBABWE INTER-AFRICAN NEWS AGENCY] reported on Thursday.

Speaking at a news conference, Mugabe denied the government was broke, despite drastic cost-cutting measures. The government was accused of using funds collected from the National Social Security Scheme [NSSA].

"We have not touched NSSA money which I understand is now more than ZD900 million [Zimbabwe dollars] and we have not touched a cent of the drought levy," Mugabe said. "Government is not broke at all and I don't see how government can be broke."

The president admitted, however, that government spending had been affected by last year's crippling drought, which resulted in economic performance declining by three percent. Mugabe said the bulk of funds budgeted for capital projects had to be spent on financing drought relief operations, which included importing more than 200,000 [metric] tons of maize to avert mass starvation in the communal lands where the majority of the population live.

He also said government had been forced to implement stringent measures to curb expenditure, as there were some ministries who had become used to over-spending. "There has been cases of some ministries just spending money without a proper accounting system and overspending beyond the budget targets in the hope that this would be eventually condoned by the government and Parliament.

"But Parliament has of late been very astute and has not been condoning overspending," he said.

Mugabe said treasury had introduced new mechanisms to ensure that government expenditure was limited and that purchases would have to be approved first. "Treasury has imposed very stringent regulations for any purchases, indeed whether it is medicines or equipment. I do not think it's an efficient method of running a government but for now, it requires that a lesson

be brought home to the accounting officers. So that recklessness must be brought to an end."

Zimbabwe: Mugabe Tells Minister To Nullify PTC Mobile Cellular Tender

MB1005075496 Harare THE FINANCIAL GAZETTE in English 3 May 96 p 1

[Report by Kindness Paradza and Shame Chibvongodze]

[FBIS Transcribed Text] President Robert Mugabe has instructed acting Finance Minister Herbert Murerwa to nullify the controversial PTC [Posts and Telecommunications Corporation] mobile cellular tender awarded to Ericsson Radio Systems AB last month, The Financial Gazette has learnt.

The presidential instruction comes at a time when the United States and German envoys stationed in Zimbabwe have expressed disappointment to the government over what they described as non-transparency in the manner in which the tender was adjudicated:

In a separate development, Siemens International, which lost the tender but was the lowest bidder, is also seeking High Court injunction barring the PTC from going ahead with issuing the tender to Ericsson.

In the High Court in Harare yesterday [2 May], newly-appointed Justice Devette gave the four respondents in the matter — the PTC, Ericsson, Information, Posts and Telecommunications Minister David Karimanzira and Murerwa — 10 days respectively to show cause why the PTC should award the tender to Ericsson .

In the application, Siemens is urging the court to declare the PTC adjudication process null and void.

It is also understood that President Mugabe only became aware of the tender results last Friday while at the Siemens stand during the Zimbabwe ITF International Trade Fair in Bulawayo. Norwin Graf Leutrum, the German Ambassador to Zimbabwe, told Mugabe that German companies were now nervous to invest in the country because the tender system was not transparent.

When Murerwa, who was showing the president around, confirmed that the PTC had already awarded the tender to Ericsson ahead of the German company, a visibly angry Mugabe retorted: "There is nothing like that."

Last night, both Karimanzira and this permanent secretary, Sarah Kachingwe, were reportedly locked in marathon meetings with PTC officials and representatives of the Attorney-General's Office over the tender issue.

It is also understood that both Karimanzira and Kachingwe were recalled prematurely yesterday from a conference they were attending in Swaziland to deal with the cellular tender saga.

In his order to the four respondents yesterday, Justice Devette said in part: "The declaration made by the Posts and Telecommunications Corporation on the 10th of April 1995, to the effect that it was awarding its tender No. 9029A for the supply and installation of a mobile cellular phone network to Ericsson, and anything done therein after in pursuance of such a declaration be and is hereby declared null and void."

The four respondents were also asked to show cause why the PTC should not comply with the Government Tender Board resolution 2061 of February 28 this year instructing that the corporation should provide a new Bill of Quantities and invite new tenders from both Siemens and Ericsson.

However, the head of the Posts and Telecommunications board, Marvelous Mhloyi, is adamant the $200 million tender should stay put in a showdown which insiders said could result in some heads rolling within government and at Runhare house.

Murerwa, who is also Minister of Industry and Commerce, has since instructed the Government Tender Board to take over from PTC the adjudication of the mobile cellular tender, now about 19 months behind schedule.

The PTC was told it had no authority to award the tender without the approval of the Tender Board, which adjudicates on all government tenders including those of quasi-state companies.

On April 10, after meeting with Information Minister David Karimanzira, the PTC board, without the knowledge of the Government Tender Board, went ahead and awarded the Swedish company, Ericsson, the franchise to supply the corporation with mobile cellular equipment enough for the initial 10,000 subscribers .

In a joint letter to Murerwa, ambassadors Johnnie Carson of the US and Germany's Leutrum said: "In response to the April 11, 1996 letter received by Siemens from PTC advising Siemens that its bid was unsuccessful, we wish to voice strongly our disappointment at the irregular way in which the adjudication process was handled by PTC.

"PTC stated that it is no longer subject to the Tender Board regulations. This is to our knowledge totally against your instructions as the acting Minister of Finance. We appeal to you, Honourable Minister, as the ambassadors of the United States of America and the

Federal Republic of Germany, to ensure that the Tender Board procedures are concluded with all transparency and fairness".

Zimbabwe: Mugabe — Investment To Require Black Zimbabwean Partners

MB1005142396 Johannesburg THE STAR in English 10 May 96 p 1

[Report by Andrew Meldrum]

[FBIS Transcribed Text] Harare — Anglo American's operations in Zimbabwe have come under scathing attack from President Robert Mugabe, who also announced that all future investors in his country would require black Zimbabwean partners and that big business should award shares to its workers.

"Why, when there is so much black advancement in South Africa, should Anglo American seek to have a white South African appointed as executive of its Zimbabwe operations?" said Mugabe yesterday after his announcement of a cabinet reshuffle. "When we are seeking to have all Zimbabweans have a stake in our economy, especially blacks, why is this company seeking to maintain an apartness; to keep the company controlled by whites?"

Mugabe's outburst came after he announced a long-awaited cabinet reshuffle. Asked at a media conference after he made the announcement if anti-white rhetoric by government officials and by black businessmen was having a negative effect on investment, Mugabe said if potential investors were put off by the need to increase black ownership, then Zimbabwe could do without their investment.

He singled out Anglo American, Zimbabwe's largest corporation. Mugabe charged that Anglo American was attempting to have a white South African appointed to a key executive position in Zimbabwe when there were black Zimbabweans qualified for the position. He also said the company had kept blacks in technical and lower-level management positions.

Far from toning down the anti-white rhetoric that characterised his presidential campaign in March, Mugabe said his government would continue pressing for greater control of the economy by blacks.

"We are going to demand that the big companies operating in Zimbabwe, one, recognise the role of the workers, like in Germany, and give them a share in the ownership of the company. Two, the companies must open up entry for ownership by blacks. It will be on an agreed, voluntary basis. We will want to see 20 percent ownership by blacks, for a start. We want to gently persuade them, but if that doesn't work we will continue pushing."

New foreign investment must have black Zimbabwean partners said Mugabe. Critics of his black empowerment drive charge that although there are many blacks well connected with the ruling ZANU-PF [Zimbabwe African National Union - Patriotic Front] party who would like to be owners of major corporations, few of them have the funds to purchase shares.

Mugabe appointed Herbert Murerwa as the new minister of finance.

Zimbabwe: Work by 'Indigenous' Firms on Contract Jobs Criticized

MB0205144896 Johannesburg SAPA in English 1403 GMT 2 May 96

[FBIS Transcribed Text] HARARE May 2 SAPA — Several Zimbabwean government departments are calling for the state tender board to end its policy of favouring black-owned business because of the high rate of failure by "indigenous" companies to do the job, the state-controlled daily Herald newspaper reported on Thursday.

The policy of "positive discrimination" and awarding contracts to black-owned companies ahead of others was costing the government "millions of dollars". The newspaper cited a case in which the Zimbabwe Air Force was still waiting for a consignment of four containers of Chinese aircraft spares offloaded from a ship in Beira, Mozambique, in January. The tender had been awarded to Jet Freighters, although other firms had offered lower prices to deliver the shipment. The Herald said Jet Freighters had promptly handed the job over to Combine Cargo, a company whose majority owner is the white-dominated Zimbabwe Tobacco Association.

Combine Cargo had moved the containers to Harare and promised to deliver the goods on payment of its bill of R30,000 [rands]. Jet Freighters had then added a mark-up of R15,000 and given the bill to the air force. "In effect, the Zimbabwe Defence Forces will end up paying double amounts to two companies, one for doing the job and the other for using the tender only," the Herald quoted an unidentified military official saying. "With people complaining of high government expenditure, it's high time they (the government) were told where some of that expenditure was coming from."

Combine Cargo was refusing to release the containers until its bill had been paid.

Indigenisation has become a major political issue in Zimbabwe, with the "affirmative action" lobby demanding laws that bar whites from exercising positions of

power in the economy. President Robert Mugabe has promised that "indigenisation" of the economy will be one of his government's major tasks for the rest of his term of office.

Zimbabwe: Gold Production Increases in First Four Months of 1996

MB0705135696 Johannesburg SAPA in English 1130 GMT 07 May 96

[FBIS Transcribed Text] Bulawayo May 7 SAPA — Gold output in Zimbabwe during the first four months of this year reached 8,282.93 [metric] tons worth over Zd [Zimbabwe dollars] 1-billion, ZIANA [ZIMBABWE INTER-AFRICAN NEWS AGENCY] news agency reports.

According to provisional figures released by the Chamber of Mines of Zimbabwe on Tuesday this compares with 7,441.65 kgs of gold worth Zd761779238 [figure as given] during the first four months of 1995.

On a month by month basis, gold production in January this year reached 2211.47kg, dropping to 1912.82kg in February. It climbed six percent to 2023.48 in March and 2135.16kg in April.

The Chamber said April's production could be much higher as figures released were provisional. Last year, Zimbabwe's gold production for the first time in five decades, exceeded 24 tons valued at Zd2.596-billion.

Mining industry officials expect gold production this year to top 25 tons on the back of sustained production.

Zimbabwe: Conference Seeks Measures To Amend Oil Trade Imbalance

MB0405190396 Harare THE FINANCIAL GAZETTE in English 25 Apr 96 p 3

[FBIS Transcribed Text] African countries have been urged to come up with practical solutions to redress the harsh trade imbalance in the international oil market.

Martin Ogang, Preferential Trade Area (PTA) Bank president, told journalists last week at the end of an African oil trade conference in Harare that companies needed to adopt risk management strategies to save finance on oil procurement and marketing. The conference was co-sponsored by the PTA Bank and the National Merchant Bank of Zimbabwe.

"Much of the wealth of the developed world has been generated by the exploitation of the natural resources and agricultural commodities of the developing world." Most African countries spend up to 40 percent of their export earnings on the procurement of oil, with little or no control over the price at which they buy crude oil, what they are charged for freight, the rates they pay for insurance or financing. Usually the marketing is controlled by foreign multinationals which repatriate profits overseas.

"It is axiomatic that this process has led to a steady transfer of wealth from an increasingly impoverished developing world and accelerating consolidation of the developed world's grip on international trade in African resources," he said.

He noted that an African oil producer did not have the capability to supply the needs of a neighbouring country without the intervention, for an appropriate fee, of foreign marketers, transporters, insurers and a whole host of intermediaries.

"Africa is faced with the incongruity of a country which has its own oil reserves and even a refinery but which must import its white [as published] oil needs and export crude because it cannot refine its own crude. What we lack is the risk management and financial instruments to make those skills productive," he said. Ogang said adoption of risk management techniques would save oil companies up to $572 million annually if they were adopted. The techniques were already in use in Cameroun, Ghana and Nigeria.

He said delegates to the conference primarily focused on how best they could implement risk management.

Zimbabwe: Tobacco Farmers' 95-96 Debt Rises to 3 Billion Dollars

MB0405185196 Harare THE FINANCIAL GAZETTE (FARMING GAZETTE Supplement) in English 25 Apr 96 p 23

[FBIS Transcribed Text] The debt which forced tobacco farmers to negotiate the agri-bond life-line with government to reduce their indebtedness to sustainable levels in the 1995/96 crop year, has ballooned to more than $3 billion [Zimbabwean dollars].

According to the president of the Commercial Farmers Union, Peter MacSporran, the increase could represent a 20 percent jump from $2.5 billion in the previous year.

The agri-bond loan facility was negotiated by tobacco farmers and government to give the embattled farmers a chance to roll-over their advances to medium term loans at concessionary interest rates to enable them to repair their cash flows and balance sheets which had come under heavy attack from penal rates.

MacSporran told the FARMING GAZETTE that tobacco farmers would this year come under heavy pressure as they would again be forced to borrow from

commercial banks at market rates of as high as 35 percent since the agri-bond cushion provided at 28 percent would be phased out because of pressing financial commitments on the government.

The government would guarantee $4.5 billion worth of GMB [Grain Marketing Board] bills and bonds from the money and capital markets, coupled with a further $2 billion of its own borrowings, to plug its fiscal deficit.

This presages severe supply side liquidity constraints which are likely to push interest rates to unacceptable levels again, but would ease with the improvement of foreign currency inflows from crop proceeds.

The farmers' contention is that they were given a rollover relief of only $400 million in the previous year. As a result, there has been no significant come-down in their interest burden. The farmers needed about $600 million.

The high interest regime emanates from the government's monetary reform policies which have been criticised by analysts as IMF orthodoxy which has ruined Africa's agro-based economy as opposed to Keynesian economic models which advocate government intervention, a controlled devalued currency and low interest rates.

The after-effects of government's tight monetary policies have been sequestrations and liquidations of commercial farms and allied agro-interests. MacSporran would not say whether the number of commercial farms going under would decrease or increase.

He, however, said some farms were liquidated because of failure to service their debt and repay their principal, the effects of the drought and generally harsh economic conditions.

Tobacco, which remains the country's premier foreign currency earner, is expected to earn $4 billion following the good rains, and improving commodity prices on the world market.

Economists expect the tobacco proceeds to significantly improve Zimbabwe's balance of payments position, its ability to meet its import requirements and stabilise the Zimbabwean dollar against other major currencies.

MacSporran has warned tobacco farmers to service their debt from the crop's proceeds before thinking of capital investment. Meanwhile, tobacco sales opened last Tuesday at the auction floors with an average price of US250 cents.

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